

## The Ninth Annual East-West 2001 Conference



# “NEW OPPORTUNITIES IN THE GLOBAL ECONOMY”

**April 9-10, 2001**

Government experts from North and South America, Europe, and Asia, will come together with business leaders at this conference to discuss a variety of trade topics. Hear from CEOs of some of the Mid-South's most successful global firms, including Storage USA, Tyson Foods, Drexel Chemical, Federal Express and AutoZone. Hear the Honorable Jeffrey Davidow, U.S. Ambassador to Mexico discuss opportunities under Mexico's new administration. Senior Commercial Officer, Dale Slaght, will accompany the ambassador and will discuss opportunities in the Mexican market. Meet foreign government officials from countries including Austria, Belgium, Canada, France, the Netherlands, the UK and Korea.

### *Conference Topics*

By bringing together foreign consuls, trade officials, attorneys and business leaders, the East-West 2001 Conference will provide excellent networking opportunities for companies. Trade consuls representing Japan, Taiwan, Australia, Mexico and Germany will be available for networking opportunities during the two-day conference. Additionally, members of the national Asia/Pacific Team of the U.S. Department of Commerce will present a panel discussion on business opportunities in Asia. The range of topics offered in the general sessions and panel presentations will allow businesses to choose from concurrent sessions of interest to your company.

### *Who Should Attend?*

If you are Interested in Going Global, Curious how others have made it work, Wondering how to get started or how to expand into new markets and Ready to network with others working in international operations, then don't miss “New Opportunities in the Global Economy.”

### *Registration Details*

The East-West 2001 Conference will take place April 9-10 in Memphis at Fogelman Executive Center at the University of Memphis. The cost of regular registration before March 23rd is \$345 or \$395 thereafter. **Small businesses with \$10 million or less in gross annual sales may register for only \$295.**

**Registration form available online at [www.people.memphis.edu/~eastwest2001](http://www.people.memphis.edu/~eastwest2001)**

**Or contact Jeanne Tutor at Tel: (901) 678-2038**

**Fax: (901) 678-3678; Email: [jtutor@memphis.edu](mailto:jtutor@memphis.edu)**

**Or call the Memphis Export Assistance Center at (901) 323-1543.**

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March 2001 Volume 2 Number 5 <http://exportamerica.doc.gov>

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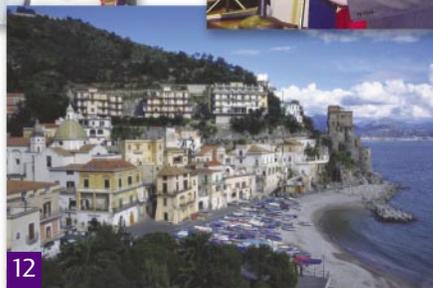
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COVER BY DANIEL STAFFORD



# A

## lliances and partnerships are an important factor of successful businesses.

In the last decade American businesses have formed joint ventures, strategic alliances and partnerships with companies worldwide. These partnerships allow U.S. businesses access to more diverse markets. Two of the most natural markets for U.S. businesses to explore are Canada and Mexico. These are also two of the most important partnerships the U.S. government has. The importance of Mexico to the United States in both diplomatic and economic relationships was demonstrated by the recent summit between President Bush and President Fox. President Bush highlighted Mexico's significance to the U.S. by making it his first foreign visit as President.

Recent elections in both the U.S. and Mexico brought new leadership to each country and with that a new perspective. The social and economic changes in Mexico over the past decade have had a profound effect on the bilateral trade activity between the U.S. and Mexico. Mexico ranks second as a United States trading partner in 2000, accounting for 10 percent of U.S. trade. Mexico, receiving \$123.2 billion in U.S. merchandise exports in 2000, dramatically surpassed Japan, even though the Mexican economy is one-tenth the size. That year, the United States was Mexico's predominant trading partner, accounting for 82 percent of Mexican exports and 70 percent of Mexican imports.

The scope of U.S.-Mexican relations goes far beyond diplomatic and official contacts;

it entails extensive commercial, cultural and educational ties. More than 2,600 U.S. companies have operations in Mexico, and the U.S. accounts for 60 percent of all foreign direct investment in Mexico. Along the 2,000-mile shared border, state and local governments interact closely.

U.S. relations with Mexico are as important and complex as with any country in the world. A stable, democratic and economically prosperous Mexico is fundamental to U.S. interests. U.S. relations with Mexico have a direct impact on the lives and livelihoods of millions of Americans—whether the issue is trade and economic reform, drug control, migration or the promotion of democracy.

Therefore, this month we are featuring opportunities for U.S. businesses in the Mexican market and highlight specifically opportunities in the telecommunications sector. Additionally, we bring you technical advice on how to apply for temporary import provisions and trademarks in a foreign country. We also introduce the new International Mass Transportation Program (IMTP), which promotes mass transit exports to world markets. Next month, we will feature the BuyUSA.com site, which is a product of a partnership between the Commercial Service and IBM and take a look at exports of dietary supplements.

Until then, contact us with any comments or suggestions ([Export\\_America@ita.doc.gov](mailto:Export_America@ita.doc.gov)) and visit our web site <http://exportamerica.doc.gov> for past issues and future stories.

*Cory Churches*

Cory Churches  
Editor



## GLOBAL NEWS LINE

### KOREA

On December 26, 2000, the Ministry of National Defense (MND) passed the Republic of Korea's CY 2001 Defense Budget. The CY 2001 budget is a clear indication that MND recognizes two significant considerations in its budget planning. First, this year's budget seeks to improve the quality of life of personnel through pay raises, bonuses and housing improvements. Second, it is clear from the budget planning consideration that the North Korean threat is not driving acquisition planning. This consideration is highlighted by the emphasis on big-ticket procurements of force projection systems rather than on basic ammunition, equipment and spare parts. As a result, the budget's commitment to these kinds of large procurements may benefit prominent U.S. companies in the defense industry, particularly Boeing's F-15 in the F-X competition and Raytheon's Patriot in the SAM-X competition. The overall government budget is set at 101 Trillion Won (\$91.8 B), a 5.6 percent rise over last year; the government has attempted to keep the overall increase in the budget two percentage points lower than the expected 8.5 percent rise in GDP. The defense budget shows a modest increase over last year's final appropriation rising to 15.39 Trillion Won (\$12.82 B).

### PHILIPPINES

In May 2001, PriceSmart will launch its first membership-shopping warehouse in the Philippines under the trade name S&R Price Membership Shopping. S&R Price refers to Sol and Robert Price, the founders of Price Club. PriceSmart is modeled after the first membership merchandising chain in the United States, Price Club. The concept is to deliver significant value to the member-customer through an effective and efficient pipeline that

leverages economies of scale in aggressive buying, low-cost distribution and streamlined operations.

S&R Price is a joint venture between Price and their Philippine partners. Within three years, the company plans to invest \$100 million in 10 stores, which will be located throughout the Philippines. The first outlet is now under construction. The store will offer a complete line of fresh produce and meats, electronics, dry goods, tools, etc., and will be 75 percent stocked from U.S. and other foreign suppliers.

S&R Price is the first foreign retailing company that has entered the Philippine retailing market since the liberalization of the retail trade sector on March 15, 2000. Foreign investment in this sector was previously prohibited under a 1954 law, which confined retailing activities to wholly owned Philippine companies. The Retail Trade Liberalization Act has opened a previously closed door and S&R is the first retailer to take advantage of this opportunity. Others, both U.S. and foreign, are expected to follow.

### CANADA

The public healthcare market in Canada varies widely across regions and is heavily dependent on each province's budget for the healthcare sector. The U.S. Commercial Service in Montreal has recently written market reports on Ontario, Alberta and British Columbia and analyses of the healthcare markets in the remaining provinces will be produced within the year. These reports are intended to help U.S. healthcare firms identify potential export and business partnering opportunities in Canada. For more information, please contact Pierre Richer at the U.S. Consulate in Montreal. E-mail: Pierre.Richer@mail.doc.gov, or Tel: (514) 908-3661.

### BRAZIL

ANP, Brazil's National Petroleum Agency, pre-qualified fifty-six companies for the purchase of seventy-three marginal (mature) fields put on sale by Petrobras in mid 2000. These fields together produce 3,000 barrels of oil per day and 163,000 cubic meters of gas per day. They are being sold in eleven packages distributed among five Brazilian States: Bahia (5), Rio Grande do Norte (2), Espirito Santo (2), Sergipe (1), and Alagoas (1). Seventeen of the pre-qualified companies are from the United States, Argentina, Australia, Uruguay, Scotland, England, Panama and Virgin Islands. Petrobras officials estimate that the total cost of these fields will be around \$50 million. They may be sold above Petrobras' expectations; however, Petrobras told CS Rio that there is also a possibility that not all of them will receive bids.

When Petrobras invited the companies to buy the computer discs containing field data, the tender process then entered its second phase. Following this, the companies will be doing the site visits. By April, they will be submitting bid proposals on the fields they are interested in acquiring. Petrobras believes that about fifteen companies or consortia will end up presenting price proposals. Operation of the fields is expected to begin in June 2001, Petrobras indicated.

The winning companies will have to invest in techniques to recuperate the fields and make them viable. Few local Brazilian companies seem to have this capability since Petrobras monopolized the oil exploration in Brazil for about forty-seven years. Azevedo & Travassos is seen as an exception, as it has been producing oil in Brazil for several years. Petrobras officials indicated that the United States and Canada have had long experience in recuperating marginal fields. Therefore, business

opportunities exist for U.S. companies to supply engineering project and equipment for secondary field recuperation with advanced technology. Interested companies may view ANP's site ([www.anp.gov.br](http://www.anp.gov.br)) for information on the twenty-six fields that are expected to be tendered this year.

## COSTA RICA

In Costa Rica, post-secondary and adult education are not strictly considered government functions. There is little control over education, and what control does exist is not exclusively dictated by the government. The higher education system moved even farther away from government control in 1975 through the establishment of the first private university. Now there are over 40 private institutions operating in Costa Rica that call themselves universities.

U.S. and other foreign entities are allowed to establish education and training facilities in partnership with Costa Rican entities or individuals, though the number of established foreign entities is small. Most foreign entities are exchange programs, foreign study abroad programs or field study centers located within a Costa Rican university, rather than a separate foreign institution acting independently. The International University of Costa Rica (UICR) is currently looking to expand its exchange programs with schools in the U.S.

No preferences are given to certain nationalities to establish education or training facilities in Costa Rica. However, the majority of exchange and foreign study programs are organized with U.S. universities because of U.S. proximity and influence. Some Costa Rican schools teach English as a second language, so many students opt to do exchange programs with U.S. universities because of their language knowledge. For more

information on educational service exports, contact the Commercial Service in Costa Rica Tel: (506) 220-2454, Fax: (506) 231-4783; Email: [San.JoseCR.Office.Box@mail.doc.gov](mailto:San.JoseCR.Office.Box@mail.doc.gov) or visit [www.usatrade.gov/costarica](http://www.usatrade.gov/costarica).

## BULGARIA

The European Bank for Reconstruction and Development (EBRD) recently announced that Rila Solutions, a Sofia based internet and wireless communications company will be the first company to benefit from the EBRD's new program to support growth in the high-technology sector in Central and Eastern Europe. The EBRD plans to provide Rila with \$3 million in venture capital funds.

The EBRD recognizes that continued growth of high-tech industry in Central and Eastern Europe requires new forms of venture capital support for small and medium-sized technology companies, such as Rila. The EBRD program will focus on providing funds to companies that derive a significant portion of its revenue from Internet-related activities. This includes software and e-services businesses; business-to-business e-commerce; Internet based companies with clear revenue generating strategies; and Internet service providers in the early to Intermediate stage of development. The EBRD believes that this program will increase Internet penetration across the region and will encourage growth of domestic IT firms.

U.S. technology firms will greatly benefit from continued growth in the Bulgarian IT sector. U.S. technology is very well received in the market and is one of the best U.S. export prospects to Bulgaria. Over the past two years, Bulgaria's IT market has grown considerably. The market for computer hardware grew by almost 50 percent between 1998 and 1999. Moreover, there are now over 150 Internet service

providers in the country providing service to 400,000 users. The number of Internet users is expected to grow to 700,000 by 2004.

For more information on the Bulgarian IT market, please contact the Central and Eastern Europe Business Information Center (CEEBIC) at (202) 482-2645; by Email: [ceebic@ita.doc.gov](mailto:ceebic@ita.doc.gov) or the Commercial Service in Bulgaria Tel: (359 2) 963-4062 Email: [Sofia.Office.Box@mail.doc.gov](mailto:Sofia.Office.Box@mail.doc.gov).

## RUSSIA

The U.S. Export-Import Bank announced in December 2000 that it has established new partnerships with 15 Russian banks. Based on a comprehensive review of the Russian banking sector, Ex-Im Bank identified 15 Russian banks as creditworthy partners to work with in financing Russian purchases of U.S. goods and services. Under the new initiative, Ex-Im Bank will consider applications for short and medium-term financing from nine banks, including Vneshtorgbank, Sberbank, Vnesheconombank, Moscow Narodny Bank, Gasprombank, International Industrial Bank, Alfa Bank, MDM Bank and International Moscow Bank. Applications will be considered for short-term financing from six banks, including Industry and Construction Bank of St. Petersburg, Probusinessbank, Chelind Bank, Far Eastern Bank, KMB Bank and DRB Bank. For more information, visit [www.exim.gov](http://www.exim.gov).

### NEED MORE DETAIL?

Ask a Foreign Commercial Officer at one of the Department of Commerce's posts located around the globe. Contact information, including phone, fax and email, is available by calling the Trade Information Center at (800) USA-TRAD(E).

# WELL-OILED EXPORTS

## BUSINESS OWNER'S FORMULA KEEPS OVENS BAKING

by Lora Baker

*Regional Director for the Global Diversity Initiative, U.S. & Foreign Commercial Service*

Carole Sluski, President of Petrochem, is an expert in synthetic oven chain lubricants and has been involved in this market for over twenty years. She developed and now manufactures HT-2000, which is a unique oven chain lubricant frequently used in bakeries. According to Ms. Sluski "HT-2000 is different than any other lubricant presently being used. It does not form hardened residue on the chain, liquefies immediately on a cool chain once it becomes warm and has added protection for prevention of metal wear." Synthetic lubricants other than HT-2000 breakdown in temperatures approximately 475° F to 500° F and this is the most common element for causing oven shutdown. Production stops if the oven has to be shut down, which decreases productivity. Additional costs such as manpower and equipment are also incurred.

Petrochem currently sells its oven chain lubricants in the United States, England, South Africa, Spain, Argentina, Israel, Australia, New Zealand, Germany and Saudi Arabia. Ms. Sluski has also been approached by a major lubricant company to be a master distributor and sell HT-2000 worldwide, which would involve approximately 200 distributors. She credits the U.S. Department of Commerce, Global Diversity Export Training program in Chicago for assisting her in expanding internationally. The program is a unique training opportunity, which is designed to prepare women and minority-owned firms to sell their products and services internationally. Trade professionals provide technical expertise, ongoing consultation and information that will aid firms in pricing and financing their products for export. Legal issues, using the Internet to expand globally, export documentation and licensing are also key components of the training.

Kristen Johnson, of the Women's Business Development Center (WBDC) in Chicago, referred Ms. Sluski to the U.S. Department of Commerce. The WBDC provides certification to women-owned companies and refers companies to the U.S. Department of Commerce that have a product or service suitable for international business. Lora Baker, Mideastern Regional Director of the Global Diversity Initiative, provided export counseling and encouraged Ms. Sluski to enroll in the export training program and to participate in Guadalajara Gold. This trade event provided ten meetings with pre-qualified potential distributors or representatives, or end-users accompanied by an interpreter/ facilitator. The event organizers also provided market research to identify best contacts, brochures in Spanish, a VIP reception with opportunities to meet top executives and Mexican government officials. Through this event, Commercial Officer Virginia Krivis was able to assist Petrochem in finding Javier Noriega, Director General, Combustibles de Occidente. This company will now be the exclusive distributor of Petrochem's products throughout Latin America and Spain. ■



Photo courtesy of U.S. & Foreign Commercial Service

Lora Milani, President of In-2 Products (left) and Carol Sluski, President of Petrochem (right) receive GDI certification from Lora Baker, (center) Mideastern Regional Director.

For more information on the Global Diversity Initiative please contact the regional directors listed on the opposite page or contact your local export assistance center, a list of which are on the back cover of the magazine.

## THE GLOBAL DIVERSITY INITIATIVE (GDI)

capitalizes on America's diversity through international trade by creating comprehensive and tailored export training programs. The U.S. Department of Commerce is working to identify and assist minority owned firms that are eager or ready to expand their markets internationally.

During the GDI training sessions, there will be specialists on site to assist you. Furthermore, an international trade specialist will be assigned to each attendee for pre-counseling and assistance during the entire program.

This market entry program is tailored to the participating firms' products or services in order to prepare them to successfully enter the global markets. At the conclusion of the program, attendees will have the opportunity to participate in a trade event, such as BuyUSA.com, Multi-State/Catalog Exhibitions and the International Buyer Programs.

### SAMPLE TOPICS INCLUDE:

- The ABCs of Exporting
- Market Research
- Entry Strategies
- Negotiating the Sale
- Methods of Payment
- Legal Issues
- Pricing for Export

Each region will customize the program to address regional preferences in markets and exports.

### ELIGIBILITY REQUIREMENTS:

- Have been in business for two years
- Have a product or service suitable for sales in international markets
- Demonstrate a positive net worth by standard accounting measures
- Have suitable marketing materials.

#### REGION

Eastern Region

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# EXPORT-IMPORT BANK OF THE UNITED STATES

Annual Conference & Exposition

April 4-5, 2001

Marriott Wardman Park Hotel

Washington, D.C.

## AUDIENCE

Ex-Im Bank's annual event attracts more than 1,400 world leaders, exporters, bankers, insurance brokers and other financial professionals.

## AGENDA

**SPEAKERS:** National and world leaders and government officials address the conference on important trade issues.

**WORKSHOPS:** Conference workshops highlight changes in Ex-Im Bank programs, exporting opportunities in various industry sectors and financing of U.S. exports to competitive emerging markets. To review the agenda, please visit [www.exim.gov](http://www.exim.gov)

## EXHIBIT

**Maximize Your Firm's Marketing Dollars**  
Exhibiting at this year's event will heighten your company's visibility. To become an exhibitor, contact Shirley Cuyler at (703) 299-1612 or register for prime booth space at [www.exim.gov](http://www.exim.gov)

Conference registration, hotel lodging and additional information please visit [www.exim.gov](http://www.exim.gov)

## EX-IM BANK

The Export-Import Bank of The United States is an independent U.S. government agency that helps finance the overseas sales of U.S. goods and services. In its more than 65 years of service, Ex-Im Bank has helped to support more than \$400 billion of U.S. exports worldwide.

*Ex-Im Bank*  
*Jobs Through Exports*

# BRINGING WORLD MARKETS TO TROUGH

## PARTS-MAKER KEEPS FEEDMILLS GOING

by Curt Cultice

Office of Public Affairs

The folks at Jacobs Corporation in Harlan, Iowa, enjoy living high on the hog—in fact, their livelihood depends on it. “It’s a good way to make a living all right, manufacturing custom replacement parts for hog and other animal feedmilling industries,” says company Vice-President Verne Nelson.

“Cattle, hogs, fish, turkeys, you name it,” he says. “Any critter that is fed for human consumption requires the use of animal feedmilling machinery, and that’s where we come in, providing the parts to keep the machinery humming.” Nelson says that making customized stainless steel replacement parts is a specialized process that can take from four to six weeks.

“Replacement parts are always in need, as many animal feedmill plants are older facilities,” Nelson says. “One of the most common parts we supply are those that grind and shape animal feed into pellets.”

Nelson says his firm supplies parts for two kinds of animal feedmill plants—pelletmill and hammermill. Pelletmill provides for pellet-shaped feed, while hammermill produces feed in a granulated texture.

Keeping the world’s animal feed processing businesses in good repair is not just a job, it’s a global venture. Jacobs exports to more than 70 countries, with 15 major markets that include Korea, Malaysia, Australia, Philippines, Argentina and parts of Europe.

Solidifying these efforts, the firm has made the most of its potential export opportunities, taking advantage of state and federal resources to boost its market share.

For example, in June of 2000, Kurt Frey, Director of International sales for Jacobs, participated in an Iowa State Trade Mission to Poland. During the visit, Commerce’s Commercial Service office in Warsaw arranged a series of one-on-one appointments with potential customers that Jacobs met with during the mission. The result? One of the companies, Cargill Polska, ended up purchasing \$30,000 worth of products from Jacobs, and the company is expecting continued orders from Cargill Polska in the future.

According to Frey, Eastern Europe is a more difficult market to penetrate because the region’s feed industry has been in a recession due to the downturn in the Russian economy, which had been a major purchaser of feed from Eastern Europe. “However, we were able to tap into selected opportunities that exist in Poland and Hungary with the assistance of the Commercial Service,” Frey says. “I have found that the one-on-one interviews and pre-arranged appointments are particularly worthwhile for new-to-market exporters.”

Frey says he will continue working with the Department of Commerce, including its export assistance centers in Des Moines and Omaha. “We have found our foreign competitors receive substantial export promotion assistance from their own governments,” Frey

says. “We really have to be on our toes to stay competitive, and that means tapping all the export promotion resources available with the State of Iowa and the U.S. Department of Commerce.”

Jacobs Corporation, with 65 employees, faces competition from within the United States, and from firms in Holland, Germany and France. “American technology is highly appreciated in overseas markets, and that gives our firm a great advantage in selling our products,” Frey says. “We spend a lot of time working with and getting to know our customers and their feedmill facilities.”

Jacobs is also one of the very few firms in the industry which has achieved (and maintained) ISO 9001 quality certification, a factor that has contributed significantly to its success. Certification under the provision of the ISO ensures the client of exacting quality standards and assurance of manufacturing expertise.

Frey says that exports account for about 25 percent of the firm’s sales. “We do a lot of splashy advertising overseas, but in the end, our best referrals are word-of-mouth,” Frey says. “Here we are in rural Western Iowa supplying the needs of thousands of animal feed plants around the world,” he says. “It’s amazing what a small company like Jacobs can do in the global marketplace.” ■

[www.jacobs.com](http://www.jacobs.com)

# COMMERCIAL LIAISON OFFICE OF THE AFRICAN DEVELOPMENT BANK NOW OPEN FOR BUSINESS

by Erin Butler

*Office of the Director General, U.S. & Foreign Commercial Service*

Trade opportunities in Africa are often dismissed as being too complicated or risky; however, strong efforts are being made to alter these perceptions. The African Development Bank (AfDB) is one such organization that provides a link to trade opportunities in Africa. AfDB funding has been available for use by U.S. businesses since the U.S. Government joined as a non-regional member in 1983. Originally begun as an international financial institution to promote the economic and social development of its African member countries, the AfDB now lends to creditworthy African member countries and private enterprises on commercial terms.

The AfDB and its projects creates business opportunities for consultants, contractors, suppliers, manufacturers and project developers. Since the majority of the Bank's financial resources are directed to public sector projects, business opportunities are most often found in the supply of goods and services to government-sponsored projects. The Bank, however also operates a private sector window to finance directly eligible private ventures in regional member countries. Although the U.S. is an active member in the AfDB, and is in fact the largest non-regional shareholder, many businesses are not aware of the benefits that it provides. This obstacle was addressed through the creation of the Commercial Liaison Office of the

African Development Bank now headed by Mr. Tapan Banerjee.

For more than 15 years, Tapan Banerjee has been one of the strongest advocates for American businesses. Mr. Banerjee works for the U.S. and Foreign Commercial Service, a division of the U.S. Department of Commerce that helps U.S. companies succeed in their export transactions. The Commercial Service has offices across the U.S. and more than 250 offices worldwide, including ten in Africa. Banerjee has served in Commercial Service offices world wide, including Helsinki, New Delhi, Abu Dhabi and Amsterdam. He currently heads the Commercial Service's new African Development Bank's liaison office in Washington D.C. The Commercial Liaison Office of the African Development Bank will work to support the Presidential Initiative on Africa by helping more U.S. firms pursue bank-financed export opportunities on the continent. Banerjee just returned from Africa, where he visited Nigeria, South Africa, Cote d'Ivoire and Kenya. The following interview was recently conducted between Erin Butler of the Commercial Service and Mr. Banerjee.



Photo courtesy of U.S. & Foreign Commercial Service.

Senior Commercial officer for the AfDB Tapan Banerjee addresses the business community on opening day of the liaison office.



## WHAT MADE YOU WANT TO WORK IN THIS PROGRAM?

This position was created in response to President Clinton's Africa Initiative and the increasing attention that's being paid to African business. As the first person to lead this

Commercial Liaison office, I knew I'd have a real chance to shape the position. I'm here in Washington because that's where the U.S. companies are. Most of them haven't made it to Africa. We also will have an officer in Adbijan by next spring. There are great markets in Africa, and we strongly encourage U.S. companies to compete aggressively for Bank-financed projects.

### **WHAT ARE THE OPPORTUNITIES FOR SMALL AND MIDSIZED COMPANIES IN AFRICA THROUGH THE AFDB?**

There are a lot of opportunities for American SMEs in Africa. The AfDB lends about \$2 billion dollars a year for projects—that's much less than the World Bank or the Asian Development Bank. Accordingly, the projects the AfDB sponsors are much smaller—big companies aren't always interested in them. But they're perfect for a smaller firm. The most promising sectors include engineering, consulting, tourism, infrastructure, manufacturing, health services, agricultural technology and environmental services and technology. Bank officials and the regional member countries, want more U.S. companies to bid on these projects. Currently, we see many European companies bidding on these smaller projects but few American. My job is to change that.

### **U.S. COMPANIES ONLY BID ON ONE PERCENT OF THE AFDB'S PROCUREMENT OPPORTUNITIES LAST YEAR. WHY?**

I think there are a lot of misconceptions about Africa. For one, it has something of an image problem. People associate Africa with poverty and health crises—not business. I see a lack of awareness of the opportunities there on the part of U.S. business. Of course, Africa does present some real challenges—poor infrastructure is a major one. But European businesses and large American companies are

doing well there. I want to see our smaller businesses have the same chance.

### **WHAT IS THE AFRICAN DEVELOPMENT BANK AND HOW DOES IT WORK?**

The AfDB is one of the five multilateral development banks to which the U.S. belongs. It was founded in 1966, and currently has 77 members—53 regional member countries and 24 non-RMC. The Bank is headquartered in Adbijan, Ivory Coast, and plans to have regional offices across Africa. Its primary mission is to raise the standard of living, increase food production and eradicate poverty in Africa. In the past, the Bank funded mostly public sector projects. Now, the focus is shifting to the private sector, which opens up opportunities for smaller U.S. businesses.

### **AT WHAT STAGE DO COMPANIES USUALLY CONTACT YOU ABOUT AFDB PROJECTS?**

Some companies that call me know very little about Africa or the AfDB. We can provide them counseling and product or service assessment to help them determine whether Africa is a promising market for them. Other companies call wanting information on specific projects or bidding procedures. And still others ask us about financing when they already have a joint venture underway in the region. I encourage anyone who's interested in the region to contact us.

### **CAN YOU DESCRIBE HOW PROJECTS ARE IDENTIFIED AND AWARDED?**

It all begins with a Country Strategic Plan, in which the Bank and each country agree on areas of emphasis, agriculture for example, and identify possible projects. Then each country makes a proposal, including project details and financing, to the Bank. Even at this stage in the game, U.S. consulting companies can win contracts to help put together the proposal.

The Bank and the country negotiate, and once a project is approved, bidding can begin. Through international competitive bidding procedures, companies provide technical details and cost projections. The Commercial Service helps to ensure that U.S. companies enjoy a level playing field and a transparent process. The Bank instructs, and countries usually agree, that priority be given to issues of quality, rather than cost. This is an advantage for U.S. companies, who generally provide products of very high quality, but at a higher cost than their international competitors. Finally, the contract is awarded and work begins.

### **CAN YOU SHARE A SUCCESS STORY WITH US?**

Certainly. We recently helped a New York information technology company win a \$200,000 contract in Zambia. They provided both consulting services and software for a sophisticated procurement system. Right now I'm working with a company in Colorado that makes solar-powered irrigation pumps. I have high hopes for them. These are good examples of the sectors that are promising right now in Africa—services and technology. It's no longer just roads and bridges.

### **WHAT ADVICE WOULD YOU GIVE A U.S. COMPANY HOPING TO DO BUSINESS WITH THE AFDB?**

Set a long-term goal. The opportunities for small and mid-sized companies in Africa are there, and they are significant. But it won't happen overnight, and the initial leap into the market won't be easy. Let the Commercial Service and the AfDB help you. ■

For further information on how to take advantage of AfDB programs, visit the website [www.afdb.org](http://www.afdb.org) or visit the Commercial Service website at [www.usatrade.gov/mdbo](http://www.usatrade.gov/mdbo).

# ITALY'S MEZZOGIORNO

## VALUABLE OPPORTUNITIES IN INFRASTRUCTURE DEVELOPMENT

by Albina Parente

*U.S. & Foreign Commercial Service, Naples, Italy*

The south of Italy is rugged and beautiful with breathtaking scenery, picturesque beaches, charming seascides and rural villages. Major cities such as Naples and Palermo have been famous for millennia for their attractive locations, warm breezes and friendly people. Italians call the land south of Rome the “Mezzogiorno d’Italia,” which simply means “the south,” and since ancient times it has been at the crossroads of trade and commerce. Now, for American companies, the Mezzogiorno offers a new set of opportunities, particularly in the infrastructure development area.

Historically, the Mezzogiorno was agricultural land, and today, it is rightly

famous for the lemons, vineyards and olive groves dotting its countryside. Local conditions, together with these agricultural traditions, meant that, for the most part, the Mezzogiorno missed out on many aspects of the Italian economic “miracle” of the 1950s and 1960s. Heavy and medium industries changed the economic reality of the region, with large aerospace, automotive, computer, chemical and other manufacturing concentrations leading the way. However, with the decline in the early 1990s of Italian Government development funds and the lack of export-generating industries as found in the north, the Mezzogiorno saw a period of economic stagnation. The people of the Mezzogiorno are ready to leave this period behind and join in the economic growth of other parts of Italy and elsewhere in Europe.

### A NEW FOCUS ON TOURISM AND INFRASTRUCTURE

The natural beauty of the south, combined with year-round pleasant temperatures, has led the Italian and local authorities to focus development efforts on the travel and recreation sectors. There are plans to construct marinas, high-quality hotels and holiday villages for family tourism, as well as introduce new types of tourism such as Eco-tourism, adventure travel and virtual reality parks. Parallel development of highways, roads, airports, railways and other basic infrastructure must take place to realize tourism objectives.

The Italian Government is still a driving force in southern Italy's economy and continues to provide incentives for tourism infrastructure projects. In addition, the European Union has allocated structural funds — grants up to 60 percent of a project's value — for infrastructure development in various regions of Italy, including the Mezzogiorno. Regional governments will administer these funds for viable, approved projects. In certain cases, the Italian Government will provide matching grants. In a major infrastructure project, the Italian Development Agency (Sviluppo Italia) can serve as a minority shareholding investor. In addition to development, there are many opportunities for U.S. companies in feasibility studies, marketing, franchising, management services, architectural conservation and tourism infrastructure-related services.



Cetara is one of the many places in the Mezzogiorno that will benefit from proposed infrastructure projects.

## EDUCATING PARTNERS, CREATING BETTER CONSUMERS

The relative lack of expertise among local organizations and businesses in designing, presenting and negotiating projects remains a major constraint. Consultants and others with experience in project management are encouraged to take serious consideration of the Mezzogiorno.

The U.S. Mission to Italy has made a major goal of helping American companies get a share of business opportunities in the south, including development of Mezzogiorno infrastructure. The U.S. Commercial Service in Italy and its Mission partners provide technical assistance to Italian businesses on developing business plans and partnerships with U.S. companies. By helping Italian firms and local governments to partner with U.S. firms on promising projects, the Mission seeks to expand American exports. Former U.S. Ambassador to Italy, Thomas M. Foglietta's "Initiative for the Mezzogiorno" has been the centerpiece of efforts to expand mutually beneficial opportunities for U.S. and Italian businesses in this region. The Mission is working to increase the American business presence in southern Italy by improving project planning by local governments and addressing bureaucratic barriers.

## RECENT OPPORTUNITIES, FUTURE POSSIBILITIES FOR U.S. BUSINESSES

In early 1999, a delegation from 20 southern Italian communities and businesses, recruited by the U.S. Commercial Service and Consulate General in Naples attended the International Tourism Infrastructure Conference (ITIC) in Athens. Because of the enthusiastic response of the Italian participants, a follow-up infrastructure trade mission visited Naples from October 30-31, 2000. As follow-up to these missions, numerous

American developers and service providers have visited the region to conduct site surveys for hotels, golf courses and marinas, among others things.

Major projects are now in the works at many sites around southern Italy such as the Neapolitan Aqueduct Project, the Grazzanise Regional International Airport development and design and numerous holiday village infrastructure projects in Puglia, Calabria, Sicily and Camania. These are all opportunities that American exporters can use to their advantage. Relevant contact information for each of these projects can be found in the sidebar.

## CAPITALIZING ON STRENGTHS OF SMALL AND MEDIUM-SIZED AMERICAN FIRMS

In addition to the tourism initiatives, U.S. Commercial Service Italy is working with the U.S. Small Business Administration to plan an Information and Communications Technology matchmaker trade mission to southern Italy in May 2001. Sviluppo Italia, the Italian Development Agency, has agreed to serve as a local facilitator. The trade mission will visit two southern Italian cities, Naples and Catania, both with active and growing information and communications technology industries. This will be the first mission of its kind in Italy, setting the stage for similar missions focusing on other sectors.

## TAKING ONE STEP AT A TIME...

Although U.S. firms may prefer to start operating in Italy on a smaller scale, success in initial ventures can have a significant multiplier effect — that is, open up opportunities for a larger market presence in the future. In the end, the possibility of working side-by-side with Italian local businesses and government entities provides the opportunity to showcase advanced U.S. experience, technology and services. ■

## CONTACT INFORMATION

U.S. businesses wishing to know more about the exciting commercial opportunities in Italy are encouraged to contact

U.S. Commercial Service at the American Embassy in Rome

Tel: (39 06) 4674-2382;

Fax: (39 06) 4674-2113;

Email: Rome.Office.Box@mail.doc.gov

or the Commercial Service at the American Consulate General in Naples

Tel: (39 081) 583-8206;

Fax (39 081) 761-1592;

Email: Naples.Office.Box@mail.doc.gov.

Trade specialists are ready to assist in their efforts.

The following are also valuable sources of information on export opportunities in Italy.

The Neapolitan Aqueduct Project

Prof. Mario Rosario Mazzola

Executive President SOGESID- Waterworks Management Company

Via S. Nicola da Tolentino, 5

Tel: (39 06) 4878-5306

Fax: (39 06) 483574

Email: sogesid.p@ntt.it

The Grazzanise Regional International Airport

Ing. Antonio Crispino

President Industrialists Union

Via Roma, 17 Caserta

Tel: (39 08) 2332-5422

Fax: (39 08) 2332-6337

Holiday Village Infrastructure Projects

Dr. Eutimio Tiliacos,

Director- Sviluppo Italia

S.P.A., Via Calabria 46, Rome

Tel: (39 06) 4216-0901

Email: etiliacos@sviluppoitalia.it

Sviluppo Italia is the Italian National Development Agency for the Mezzogiorno.

The agency may be contacted via Email: [info@sviluppoitalia.it](mailto:info@sviluppoitalia.it) or by the web address [www.sviluppoitalia.it](http://www.sviluppoitalia.it)



# ASK THE TIC

## TEMPORARY IMPORTS, ATA CARNET

by Ross Advincula, *Trade Information Center*

Temporary importation provisions are an important tool for companies who want to show their products in foreign markets or for professionals bringing tools of the trade into a foreign country for a limited period of time. In general, companies have three options when considering temporary importation: ATA Carnet, Temporary Importation Under Bond (TIB) and duty drawback. The ATA Carnet system is the most user-friendly and structured system of temporary importation; however, there are a number of countries that do not accept carnets. In these countries, companies can post TIBs or apply for a duty drawback as an alternative means to duty-free importation.

### WHAT IS AN ATA CARNET?

A carnet (a.k.a. "Merchandise Passport") is a document that facilitates the temporary importation of products into foreign countries by eliminating tariffs and value-added taxes (VAT) or the posting of a security deposit normally required at the time of importation. Companies are required only to present carnet documentation to U.S. Customs when leaving the country and upon entry into the foreign country. Upon return, the company must again show the carnet document to U.S. Customs for duty-free entry back into the United States. Carnets cover most personal and professional goods, including commercial samples, professional equipment and goods intended for use at trade shows and exhibitions. They do not cover consumable or disposable items.

To encourage world trade and reduce trade barriers created by different national customs regulations, the World Customs Organization adopted the "Customs Convention on the ATA Carnet for the Temporary Admission of Goods" in December 1961. The initials "ATA" are from the French and English words "Admission Temporaire/Temporary Admission."

The U.S. Council for International Business (USCIB) was appointed by the U.S. Treasury Department to be the sole issuer and guarantor of ATA Carnets in the United States. The USCIB's ATA Carnet Internet home page at [www.atacarnet.com](http://www.atacarnet.com) contains information on how to apply for and receive a carnet.

### WHAT ARE THE BENEFITS OF A CARNET?

With an ATA Carnet, U.S. exporters enjoy the following benefits:

- no duties and taxes during import or re-entry into the United States;
- no temporary import bonds;
- no need to register the goods when departing the United States;
- unlimited reuse for all products listed on the carnet for up to one year;
- coverage of most business-related items; and
- recognized by 58 countries and 27 territories worldwide.

### WHERE CAN I USE A CARNET?

The ATA Carnet is accepted by fifty-eight countries and twenty-seven territories worldwide. For a complete list of countries and territories that accept carnets, contact the USCIB at (800) ATA-2900, or visit [www.atacarnet.com](http://www.atacarnet.com)

### HOW DO I APPLY FOR A CARNET?

Application forms consist of a general list of products to be shipped and the ATA Carnet application — both are available on the USCIB's website or by contacting a carnet representative.

To apply for an ATA Carnet, follow these three basic steps:

- Prepare a general list of shipment products;
- Complete the ATA Carnet applications; and
- Provide a security deposit.

All carnet applicants must furnish the USCIB with a security deposit, in the form of cash or bond, which varies according to the importing country. The deposit acts as collateral and will be drawn upon to reimburse the USCIB in the event it incurs a liability or loss in connection with the carnet or its use. Cash deposits are returned in full and bonds are terminated once the original carnet has been returned and no claims are anticipated by the USCIB.

The amount of the security deposit is based on the total value of the general list, with a minimum security of 40 percent. Goods traveling to Israel and the Republic of Korea require a 100 percent security deposit.



### HOW MUCH DOES A CARNET COST?

The value of the shipment and the type of application determine carnet fees. For paper or faxed applications, fees vary between \$120 and \$250, electronic application fees are between \$200 and \$250. Additional charges of between \$35 and \$150 can be added for expedited service.

Electronic applications received before 4:00 PM central time will be processed within 24 hours at no additional charge. A \$50 fee is charged on 24-hour service for applications received between 4:00 PM - 6:00 PM central time. Contact a carnet representative at (800) ATA-2900 for more details and advice on the most cost-effective option for your business.



### HOW LONG DOES IT TAKE TO PROCESS A CARNET?

It usually takes five business days to process a carnet application. Same-day pick-up and delivery is also available for an extra charge. All electronic applications, however, can be processed by the following day for no additional charge.



### WHAT IF I LOSE MY CARNET DOCUMENTS?

The USCIB offers insurance for lost, stolen, or destroyed carnet forms for a fee of \$12.50. The USCIB will issue an immediate replacement to customers with this insurance. Full terms and conditions of carnet insurance are available when submitting an application electronically, or by contacting an ATA Carnet representative for details.



### IF A COUNTRY DOES NOT ACCEPT CARNETS, WHAT ARE MY ALTERNATIVES?

For countries that do not accept carnets, companies can apply for a Temporary Importation Under Bond (TIB), documents which can be purchased from a customs broker at the time of entry. TIB deposits and payments are usually made in cash in the currency of the importing country. TIBs must also be posted each time a product is imported. Fees for posting TIBs vary across countries and depend on the type of product being imported. Companies should expect that it might take several months before the cash deposits are refunded.

Another alternative to a carnet is the duty drawback for temporary imports, a process whereby importers register the goods at the time of entry into a foreign country and deposit the applicable duties and taxes with the importing country's customs authority. Like TIBs, the deposit and payment are usually made in cash and in the currency of the importing country. At the time of departure, the foreign customs authority will inspect and

collect the appropriate paperwork for the product. Companies will receive a full refund of the duties and taxes posted under the duty drawback in the future.

Companies should contact a customs broker in the importing country to post TIBs or apply for a duty drawback. A partial list of countries that do not accept carnets can be found in USCIB's website at [www.atacarnet.com/ata-carnet-countries.htm](http://www.atacarnet.com/ata-carnet-countries.htm).



### WHAT ARE MY OPTIONS FOR TEMPORARY IMPORTATION UNDER NAFTA?

Companies that need to send temporary exports can take advantage of special provisions under the North American Free Trade Agreement (NAFTA) and avoid paying duties and taxes. NAFTA requires Canada, Mexico and the United States to grant duty-free temporary admission to certain classes of goods imported from another NAFTA country. In addition, under its service provisions, the agreement provides "tools of the trade" arrangements that allow U.S. companies to send their service personnel, along with their tools, to a NAFTA country. The goods do not have to originate in a NAFTA country to qualify for temporary entry provisions.

ATA Carnets are not accepted in Mexico. In order to facilitate and expedite temporary importation into Mexico, it is helpful to plan ahead. Most temporary imports require the services of a Mexican customs broker and may involve the posting of temporary import bonds (TIBs). The 15 percent Value Added Tax (IVA) for Mexico does not apply to temporary imports.

ATA Carnets are accepted in Canada. However, most goods are already traded duty-free between the United States and Canada, which makes carnets less important than in other countries. There are 57 categories of goods for which Canada permits temporary entry under a special schedule if the exporter completes a Temporary Admission Permit, and, where required, a Canada Customs Coding Form. Many temporary imports fall into one of these 57 categories and can be imported duty-free. Temporary imports must also be classified under the Harmonized Tariff System (HTS) number associated with temporary imports into Canada, under Chapter 98. ■

The Trade Information Center (TIC) is operated by the International Trade Administration of the U.S. Department of Commerce for the 20 federal agencies comprising the Trade Promotion Coordinating Committee. These agencies are responsible for managing the U.S. Government's export promotion programs and activities. You, too, can "Ask the TIC" by calling 1-800-USA-TRAD(E) toll free, Monday through Friday, 8:30-5:30. Or visit the TIC's website at <http://tradeinfo.doc.gov>.

# SMALL BUSINESS PRIMER TO FILING FOR TRADEMARKS IN A FOREIGN COUNTRY

by Jaylene M. Sarracino

*Member of Maryland and District of Columbia Bar Association*

Practically anyone can file for and own a registered trademark for just about every good or service imaginable. Even individuals or small businesses with the need to use only one trademark (name brand, design, logo, slogan or combination thereof) can benefit from the protection that registration offers. A registered trademark provides public notice as to the origin and source of a product or service, offers legal protection for creative efforts and most importantly, establishes a property interest.

Filing in the U.S. is still the first choice among most businesses; however, filing abroad is a smart undertaking for those that sell their goods or services outside of the U.S. For instance, the protection of trademarks for software and electronic goods and services is necessary in many countries because of the high volume of U.S. investment in research and development in this sector. The protection of intellectual property rights (IPR) has become a top priority for many U.S. companies operating or selling outside of the United States. The following is a primer that establishes the basics of filing a trademark

virtually anywhere in the world. This article should not be relied upon in place of legal counsel.

## FILING A TRADEMARK APPLICATION

The process for filing a trademark application in many other countries is very similar to that in the U.S. Most applicants seek representation by a local intellectual property lawyer for legal advice, and also to have the required local contact address on the application. Usually, contacting a foreign attorney or law firm directly is unnecessary. Rather, finding a U.S. law firm with an existing arrangement in the country in which you are seeking to register is the least expensive way to find the right IPR representative. If you prefer to find a foreign firm directly, the Department of Commerce U.S. and Foreign Commercial Service maintains lists of law firms that can be requested by fax or email.

Costs for filing a single class trademark application vary, but usually range from \$800 - \$2,000 for a smooth filing with few obstacles to publication and registration. A U.S.-based attorney in conjunction with foreign counsel will give you a clearer idea of the costs

associated with your particular trademark. To minimize your costs, be prepared to answer some specific questions. For starters, have in mind the range of products or services you wish to use the trademark with and a good idea of what you want the trademark to look like. If you already have a trademark that is registered in the U.S. you will need to provide a copy of the originally filed application to your lawyer. If you already use the trademark but have not filed for registration, know the date of the first sale. In addition, if there is a design element to your mark, have the image on a transferable medium, such as a disk.

## KEEPING YOUR COSTS LOW

Most important to cutting costs is to have some idea whether you are the only user of the proposed trademark. In fact, the most common but easily avoidable legal obstacle is when someone else has previously filed for, or holds, a registration to the same mark as yours for the same or similar goods or services. To aid your attorney you can easily conduct what is called a "common law" search by searching the U.S. Patent and Trademark Office (USPTO) online trademark database ([www.uspto.gov](http://www.uspto.gov)), surfing the Internet,

checking phone books, trade journals and other product listings, such as the Thomas Register. Tell your attorney of any findings and be prepared to assist in further investigation of these potentially similar marks to keep your costs lower.

## THE FILING PROCESS

The trademark application process begins by filing with the appropriate government authority. The process is called “prosecuting a trademark” and entails communication between the trademark authority and your representatives. Following the filing, the application is reviewed by an examiner. Once the examiner finds that the application has no defects, or all defects have been properly addressed, the application is passed to publication. It is rare for a trademark application to have no defects. If defects are found, the examiner issues an official report or “action” to the attorney of record detailing the defects and statutory deadline for response. In many countries, an examiner is obliged by law to issue at least two actions before making a rejection final. When the corrective actions are not sufficient and the rejection by the examiner is made final, only an appeal will get the mark reviewed again.

However, if all defects are resolved then the application is passed to publication, which can take several months. Depending on the country, the mark is published in the official trademark reporter to allow a time period for the public to submit comments. If comments concerning your mark are received, they will be considered before the mark can continue. If the mark passes publication unscathed, it will move on to registration.

Once registered, the mark can be safely marked as registered by using the registration symbol or the ®, as a superscript to your mark. This demarcation gives notice to the world that you are rightfully using the word,



phrase or design as a lawful trademark for the goods or services to which it is attached.

## MAINTAINING YOUR TRADEMARK

Continued maintenance of your trademark registration is an important responsibility of trademark ownership. Many countries have requirements for maintaining a trademark registration. Careful attention should be paid to deadlines for such filings, as the dates differ from jurisdiction to jurisdiction.

Many businesses not only maintain the registration of their trademarks in use, but also actively protect their marks from improper use by other entities. These trademark owners do so by hiring law firms or “trademark watch” firms to ensure that no one except authorized users are using their trademarks in conjunction with certain goods and services. ■

### Contact

For more information on U.S. lawyers and law firms, go to the American Bar Association website at [www.abanet.org](http://www.abanet.org) and click on “General Public Resources” or refer to your phone book for the Bar Association in your respective city or state.

Jaylene M. Sarracino is a U.S. attorney living in Israel. She is a former Trademark Examiner with the Department of Commerce, U.S. Patent and Trademark Office and has consulted for Israeli law firms.

### Useful websites:

Department of Commerce, Country Commercial Guides:  
[www.usatrade.gov/website/ccg.nsf](http://www.usatrade.gov/website/ccg.nsf)

Department of Commerce, Patent and Trademark Office, Related Websites:  
[www.uspto.gov/web/menu/other.html](http://www.uspto.gov/web/menu/other.html)

World Intellectual Property Organization: [www.wipo.org](http://www.wipo.org)

# THE NEW REALITIES IN MEXICO

## WHY U.S. BUSINESS MUST TAKE NOTICE

by Dale V. Slaght

*Senior Commercial Officer, U.S. & Foreign Commercial Service*

The gap between the myths and the realities of Mexico in the minds of many American businesspeople is significant. Those who think about Mexico at all probably have images of a poor, rural, authoritarian society, with an exploding population, rampant crime and unending corruption and drug problems. As with most images, there is some truth in these stereotypes about Mexico. There are, however, other and very different realities. As GE's CEO, Jack Welch, has said, "The secret of success is changing the way you think." It is high time that American business change the way it perceives Mexico so that the massive business opportunities

there are not lost to erroneous misperceptions. With a new perspective on Mexico, export action will follow, which will benefit U.S. business, U.S. labor and the American economy as a whole.

### A CHANGED ECONOMIC MODEL

As a legacy of its colonial heritage, Mexico relied for centuries on the export of raw materials and other commodities and the restricted import of finished goods. From the 1950's to the mid-1980's, Mexico depended on an import substitution policy model which closed its borders to most imports to protect the output of nascent national industries, many of

which were owned and operated by the Federal Government. The oil and debt shocks to Mexico in the early 1980's forced the Government of Mexico to reconsider its protectionist trade policies. In 1986, Mexico joined the General Agreement on Tariffs and Trade (GATT), now the World Trade Organization (WTO), fully endorsing the concept of free trade. Mexico began at that point to unravel its complicated import licensing program and to reduce its very high import tariffs. For many years, the only way a U.S. company could import anything into Mexico has been to obtain an import license from the Mexican Government. The procedure was complicated and designed to impede imports. By the beginning of 1988, maximum tariff rates in Mexico had fallen from 45 percent to 20 percent.

In 1993, Mexico negotiated a The North American Free Trade Agreement (NAFTA) with Canada and the United States. Since then, Mexico has negotiated free trade agreements with 30 other countries. As recent examples, a free trade agreement with the European Union entered into force July 1, 2000 and a similar agreement with the European Free Trade Association members will enter into force July of 2001. In both cases, no tariff will be higher than 5 percent by 2003, and most tariffs will be completely eliminated by 2007. As a result, U.S. business will now feel increased competition in Mexico from European firms.



## LIBERALIZED FOREIGN INVESTMENT LAWS YIELD RESULTS

Similar liberalization has occurred in Mexico with respect to direct foreign investment policy. Until enactment of the 1993 Foreign Investment Law, direct foreign investment was governed by a 1973 law that prevented foreign parties from participating in many sectors of the Mexican economy. The 1993 law, the repeal of foreign exchange controls in 1991, the more recent floating of the Mexican peso, along with the provisions in NAFTA which safeguard direct foreign investment, have prompted a massive influx of such investment. In the five years before NAFTA implementation, Mexico received \$3 billion annually in direct foreign investment. In the seven years since NAFTA implementation, direct foreign investment in Mexico has exceeded \$80 billion.

## A CHANGED POLITICAL MODEL

There has been as profound a change in Mexico on the political front as there has been on the economic front described above. Since the early 1920's, one Mexican political party, the Institutional Revolutionary Party (PRI), has dominated the political life of the country in a centralized fashion. The control was so complete that outgoing Presidents of Mexico virtually chose their own successors. Until 1997, the PRI also controlled Mexico's bicameral Congress. Recent political reforms have opened more opportunities for opposition parties, expanded freedom of expression and guaranteed free and fair elections. These measures, among others, eroded the PRI's monopoly on power. The July 2, 2000 elections in Mexico were the most free and open in Mexican history and marked the first time since the 1910 Mexican revolution that the opposition defeated the party in government. The presidential victory of Vicente Fox was stunning. This historic change in government has far-reaching implications



for the United States in general, and for U.S. business in particular.

## WHO IS VICENTE FOX?

President Fox, is a 58 year-old Mexican who was educated in Mexico and joined the Coca Cola company as a route salesman in 1964, working his way up the corporate ladder to CEO. He entered politics in 1987 and was elected to Congress in 1988. In 1991, he lost the race for governor of the State of Guanajuato, but ran again and was elected in 1995. Soon thereafter, he announced his intention to campaign for the Mexican presidency. He will press for his program of improved education and health standards, increased governmental efficiency, fiscal reform, increased trade and investment and improved infrastructure by dealmaking with the three major parties in Congress. He is particularly interested in the development of Mexican small and medium-sized companies and, as Governor of Guanajuato, he did much to assist micro businesses in the State. Fox campaigned on a pledge to increase Mexico's GDP to an annual rate of 7 percent by the end of his six-year term and to create employment possibilities for the 1.3 million new entrants in

the Mexican labor market per year. Expectations are very high in Mexico for the kind of change President Fox promised in the campaign, and hopes are high in the foreign business community for the kind of reforms needed to keep Mexico's economic development in high gear.

## WHY SHOULD U.S. BUSINESS BE INTERESTED IN MEXICO?

Clearly, some of the old myths about the economic and political situation in Mexico are no longer congruent with the current realities. But so what? Why should these seminal changes in Mexico affect your outlook toward Mexico? Here are at least two reasons why:

- These changes have had a major impact on the importing and exporting patterns of Mexican business. If your firm has not benefited by these changes, your competition probably has.
- These changes have had a major impact on the economic growth of the country, and will continue to do so, leading to even more export opportunities for U.S. business.

## RESULTS OF NAFTA

In 1993, U.S. goods faced an average tariff at the Mexican border of about 10 percent. Today, that average tariff is less than 2 percent and falling to zero. Most U.S. exports to Mexico enter with no duty at all. The reduced tariffs, the proximity to the United States and the predisposition of Mexican firms to buy U.S. technology have helped push U.S. exports to Mexico to more than twice their pre-NAFTA values. U.S. exports to Mexico in 2000 are projected to approach \$108 billion, up from \$41.6 billion in 1993, the last year before NAFTA implementation. This export volume is more than five times larger than U.S. exports to France; about three times larger than U.S. exports to Germany, more than 2.5 times as large as U.S. exports to the U.K. and is larger than total U.S. exports to all of South America combined. Clearly, Mexico is not a market to be overlooked.

The Mexican market for U.S. exports is not only vast, our second largest export market after Canada, it is also growing rapidly. Between 1997 and

1999, U.S. exports to Mexico have grown more than 15 percent. U.S. exports to Mexico expanded at a 32.3 percent rate through the first 10 months of 2000. In virtually every product sector, from consumer goods, to snack foods, from electronic equipment to auto parts and textile mill products, there was outstanding U.S. export growth, not just last year, but for the last several years. Comparing the growth rates of two-way trade between the United States and Canada and the United States and Mexico, it is clear that, everything else being equal, Mexico will overtake Canada as our largest trading partner by the middle of this decade.

## IMPACT ON MEXICO'S ECONOMIC GROWTH

We have seen how the economic policy changes, including membership in NAFTA, have impacted the trade patterns of Mexico. These changes also have positively affected Mexico's economic growth patterns. Mexico has averaged 5.6 percent real annual growth since 1996, positioning Mexico as one of the fastest growing large economies in the world. With

declining oil prices, and a cooling of the U.S. economy (Mexico's largest trading partner and consumer of about 88 percent of total Mexican exports), GDP growth for 2001 is projected to decline to the 4 to 4.5 percent level. Private investment is at its highest levels ever, accounting for some 18 percent of GDP. Foreign direct investment is projected to hit \$14 billion in 2000, of which about 65 percent is derived from the United States. Inflation has fallen steadily in recent years, reaching single digits (8.96 percent) in 2000 and is projected in the 8 to 8.5 percent range for 2001. The Mexican peso has traded openly and freely in the 9.1 to 10.0 to the U.S. dollar range for the last three years. Clearly, Mexico has put its economic house in great order. Solid economic growth and stability have been the results.

## NOT ALL THE NEWS IS GOOD

While it is clear that there have been dramatic changes in the Mexican economic and political scenes in the last fifteen years or so, and that these changes have brought enormous benefit to the Mexican people and to those U.S. businesses which have been in the market, not all is "perfecto" south of the border. A few of the concerns are the following: Nearly 90 percent of Mexican exports are destined for the United States, and one can only worry a bit about what might happen to Mexican growth rates were our country to experience more than just a slight downward turn in 2001. The Mexican banking system is weak. Few loans are made; fewer still to the small and medium-sized Mexican businesses. The distribution of wealth in Mexico is a serious issue since at least 40 million Mexicans live at or below the poverty level. The price of Mexican oil, which accounts for more than one third of federal government revenues, is now selling for about \$18 per barrel, down from \$24-29 per barrel last year. Natural gas prices are soaring, forcing some plants to temporarily cease production.

Photo courtesy of U.S. & Foreign Commercial Service, Mexico.



U.S. Ambassador Jeffrey Davidow addresses the gathering at the inauguration of the California 2000 trade mission, September 2000.

**MARKETING IN MEXICO**

Mexico is a natural market for U.S. firms because of the tremendous receptivity Mexican buyers extend to U.S. suppliers. There is a genuine respect for and interest in U.S. products and companies. While Mexicans are a diverse and independent people, U.S. standards, business practices and consumer styles are embraced by large segments of the Mexican population. But in spite of the undeniable affinity toward U.S. products and ideas, U.S. firms should not underestimate the need to develop distinct marketing strategies. In designing strategies and selecting in-country representation, U.S. firms should not lose sight of the geographic and socio-economic diversity within Mexico.

There are at least four distinct marketing regions within Mexico:

- The northern swath of border cities characterized by explosive industrial growth and a melding with the southwestern United States;
- The entrepreneurial northern tier centered on Monterrey;
- The region around Mexico City, the cultural and political hub of the nation and home to 25 percent of the population and a comparable percentage of the country's GNP;
- A resource-rich, but infrastructure-poor south.

When developing a market entry strategy for Mexico, U.S. exporters should be aware of the wide variety of distribution channels. Small retailers and family-owned businesses dominate the market. Only 2.2 percent of all industrial firms have more than 250 employees; more than 90 percent employ only 10-15 workers. U.S. firms new to the Mexican market are well-advised to take advantage of the market research, matchmaking and counseling services provided by the U.S. Commercial Service and the Foreign Agricultural Service in Mexico.

**NEW OPPORTUNITIES FOR U.S. FIRMS IN THE MAQUILADORA INDUSTRY**

Roughly 40 percent of U.S. exports to Mexico are destined to the "maquiladora" industry. "Maquiladoras" are in-bond industries that receive parts and sub-assemblies duty-free from outside of Mexico, assemble them into final products and re-export the goods. Over two-thirds of this industry is located on the border. Most, but not all, of the inputs come from the United States and most of the final products are re-exported back to the United States. Some maquila plants are operated by Korea, Japan or other non-NAFTA countries, and they tend to draw on input sources from their own countries. Some U.S.-owned maquila operations have also had a tradition of importing non-NAFTA-originating components for incorporation into the final product exported from Mexico. In order to limit the duty-free benefits to only those products which qualify as NAFTA-originating, Section 303 of the NAFTA agreement set a January 1, 2001 deadline for the elimination of special arrangements involving non-NAFTA parts when those parts were incorporated into goods exported to another NAFTA country.

Recognizing that the loss of duty-free status on non-NAFTA origin parts and components would place maquiladoras at an economic disadvantage, given Mexico's traditionally high most favored nation (MFN) duty rates, Mexico instituted a program of MFN duty reduction for prescribed imported parts and components in prescribed industries. This MFN duty-reduction program, alternatively called the Industry Promotion Program, the Sectoral Promotion Program or the Pro Sec Program, applies to the following industries: chemical; plastic and rubber manufactures; iron and steel; medical equipment, medicines and pharmaceutical products; transportation, except automotive; paper and carton; wood; leather and furs; automotive and auto parts; textile and apparel; electrical; electronic; furniture; toys, games and sporting goods; footwear; mining and metallurgy; capital goods; photographic; agricultural machinery; and a miscellaneous or basket category.

What this means is that for maquila operations in Mexico that were importing parts from non-NAFTA countries will now either have to find alternative sources for these inputs within the three NAFTA members or pay the import tariffs on the final products they export into the United States or Canada. The implementation of Section 303 should provide U.S. businesses with more opportunities to sell U.S. inputs to the rapidly agrowing maquiladora industry in Mexico

For more information about the opportunities for U.S. firms created by these new regulations, please contact Julia Rauner Guerrero at the U.S. Export Assistance Center in San Diego, CA Tel: (619) 557-2963.

### SIGNIFICANT MAJOR PROJECTS EXPECTED IN NEW FOX ADMINISTRATION

Major projects in Mexico traditionally are developed in cycles congruent with new administrations. Each new president puts his mark on the next cycle of projects. Given President Fox's enthusiasm for the participation of the private sector in the life of the new Mexican economy, we expect many excellent opportunities to arise for U.S. companies in important sectors such as energy, telecommunications, petrochemicals, health care and transportation. For example, the modernization of some major commercial ports in Mexico, including Tampico, Altamira, Veracruz, Dos Bocas, Progreso, Lazaro Cardenas and Puerto Madero, is expected to involve investments of at least \$400 million in the short term. These projects will then generate other related projects requiring a wide variety of equipment and services. This is a strategic time for U.S. firms to be present in Mexico.

The companies that become involved in the early stages of the planning should have better opportunities to snare larger parts of projects as they develop.

### IMMEDIATE OPPORTUNITIES FOR U.S. SMES

On March 27-28, 2001, the U.S. and Mexican governments are collaborating on a two-day conference entitled, "Business Opportunities for U.S. and Mexican Small and Medium Size Companies." Concurrent sessions will be presented to the U.S. and Mexican participants to cover such topics as financing exports, Mexican customs issues, NAFTA questions, Mexican standards, doing business in the Mexican cultural context and other timely topics related to the basics of exporting to Mexico. The U.S. Small Business Administration, the U.S. Export-Import Bank and the U.S. Overseas Private Investment Corporation, which just opened its small business loan program in Mexico, will also make presentations. Microsoft Mexico will speak on e-commerce in Mexico and IBM will talk about its new BuyUSA.com program in association with the U.S. Commercial Service. U.S. Ambassador Davidow will host an evening reception for all participants at his residence on the close of the first day. The second day will be devoted to Gold Key Service for the U.S. participants. This

will involve a full day of appointments with Mexican companies pre-screened to meet the parameters provided to us by the U.S. firm. The total cost of the program is only \$600. To register for the program, or for additional information, please contact your nearest U.S. Export Assistance Center or SBA office or contact Francisco Ceron at the Commercial Section of the U.S. Embassy in Mexico City Tel: (525) 0140-2640 or Email: Francisco.Ceron@mail.doc.gov.

RepCom Monterrey will be held for the eighth consecutive year in Monterrey, Mexico, April 3-5, 2001. The event involves two days of one-on-one pre-qualified appointments with potential representatives, distributors, joint venture partners, or buyers, and a three-day trade show, dedicated to U.S. companies. Throughout the event, appointments are held in the morning and the exhibition occurs in the afternoons. The RepCom 2000 event attracted some 3,000 Mexican buyers, representatives and distributors from all of northern Mexico. The 61 U.S. participants met with over 366 Mexican business leaders during their two days of Gold Key meetings and sold product and service with a total value of \$2.5 million in three days. Monterrey is home to Mexico's 10 largest multinational companies that control an estimated 60 percent of Mexico's industrial base. RepCom gives you contacts with these industrial leaders, as well as with Mexico's many up and coming small and medium size business owners. For further information, please contact Rodolfo Lozada at the U. S. Consulate General in Monterrey, Mexico Tel: (528) 343-4450 or Email: Rodolfo.Lozada@mail.doc.gov. ■



Photo courtesy of U.S. & Foreign Commercial Service, Mexico.

Florida Governor Jeb Bush at the U.S. Trade Center in Mexico City in July of 1999. Governor Bush led more than 100 companies in a Florida trade mission.

# TELECOMMUNICATIONS IN MEXICO

## MARKET GROWTH OFFERS ATTRACTIVE OPPORTUNITIES

by Janette Stevens

*Office of Telecommunications Technologies, Trade Development*

Mexico represents a significant market for U.S. exporters, with a population of 99 million, a GDP of \$581 billion and a shared border of 2,000 miles. In fact, the U.S. Commercial Service in Mexico predicts that Mexico will become the number one trading partner of the United States by 2005. The telecommunications market, in particular, presents attractive opportunities for U.S. companies.

The Mexican telecom market was opened to competition in 1997. Since then, the sector has experienced record growth, with several new competitors entering the market to offer a wide range of services. The combined market for equipment and services is expected to exceed \$3.5 billion annually over the next three years.

### THE REGULATORY ENVIRONMENT

The Federal Telecommunications Commission (Cofetel), a body within the Ministry of Communications and Transport (SCT), regulates the telecommunications sector in Mexico. Licenses and frequencies are awarded officially by the Ministry (based on the recommendations of Cofetel), while Cofetel oversees the market,

regulating network access fees and establishing service standards.

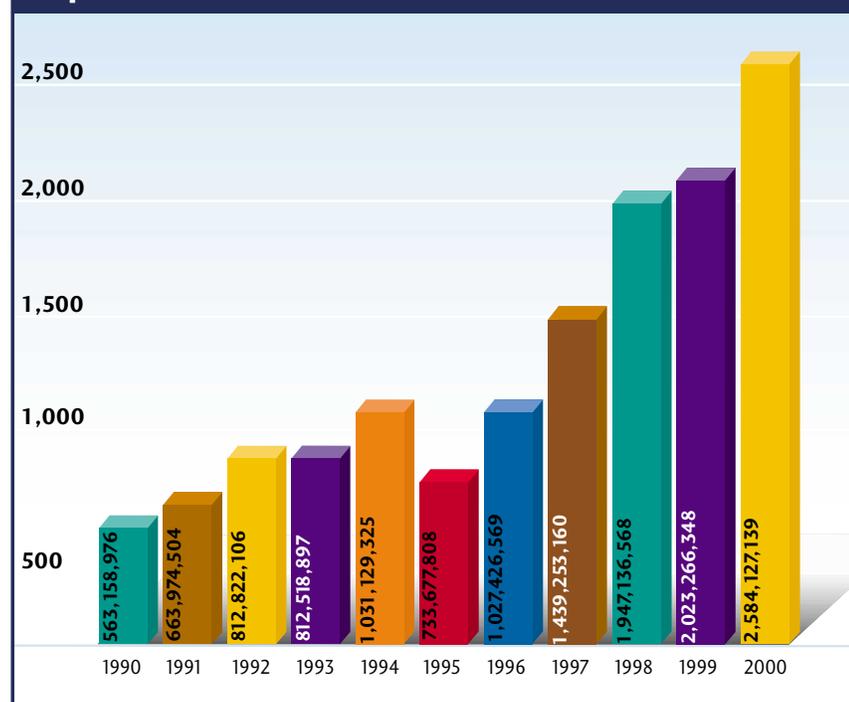
President Vicente Fox's appointment of former Telmex (the Mexican incumbent) and Avantel (partially-owned by U.S. Worldcom) executives to cabinet-level posts, together with his decision to keep Jorge Nicolín at the helm of Cofetel, have led analysts to label him as relatively neutral regarding competition issues in the sector. Analysts also agree

that the new administration may look to strengthen Cofetel, perhaps by issuing a clear mandate for the agency and providing it with the legal authority to act and enforce independently.

Foreign investment in most telecommunications services is limited to a 49 percent equity stake. However, in mobile wireless telephony (not including paging), foreign investors may participate up to 100 percent, subject to

### U.S. Telecom Equipment Exports to Mexico

in millions of dollars



Source: U.S. Department of Commerce

approval by the National Foreign Investment Commission. In any case, a foreign investor must participate through a Mexican corporation.

### USTR TAKES MEXICO TO THE WTO

Under the World Trade Organization's Agreement on Basic Telecommunications Services, the Government of Mexico committed to market access and national treatment for all services (except satellite-based services) by January 1, 1998. Additionally, Mexico adopted the Reference Paper to the Agreement, a consensus document based upon pro-competitive regulatory principles.

Despite Mexico's substantial progress in opening its telecommunications market, the U.S. Government remains concerned about Mexico's implementation of its WTO commitments. Indeed, on November 10, 2000, the U.S. Trade Representative (USTR) requested that the WTO establish a formal dispute settlement panel to

examine its claims that Mexico had failed to comply with its commitments. While Mexico has since taken positive steps to mitigate some of the contentious issues, the international services market remains a critical issue for the United States. On a separate matter, the USTR recently requested a second set of WTO consultations with Mexico regarding Cofetel's failure to enforce recently enacted dominant carrier rules (i.e., its failure to reign in incumbent Telmex) and on the interconnection rates for 2001.

### EXPLOSION IN WIRELESS

Wireless services were introduced in Mexico in 1990, when the government issued two cellular service concessions in each of nine geographic regions. In 1998, PCS licenses were awarded in the 1900 MHz band. Presently, five major operators provide mobile services, with only Telcel boasting national coverage. With the exception of Telcel (recently spun off from Telmex into America Movil), the major operators

are all partly- or even wholly-owned by multinational operators.

The wireless sector experienced an impressive 68 percent compound growth rate from 1990 to 1999. Wireless penetration during that period increased from 0.1 to 8 percent. With the initiation of the "calling party pays" billing system in 1999, the number of subscribers grew from 3.6 to 9.2 million in less than a year. In September 2000, the number of wireless subscribers surpassed the number of fixed lines in Mexico. More than 13 million Mexicans were using wireless phones by year-end 2000.

The explosive increase in demand has outstripped network capacity, causing a sharp increase in consumer complaints. Although carriers announced significant infrastructure investments in an effort to address the problems, Cofetel has published a set of new measures to address quality of service, including mandatory upgrades in capacity.

### THE LAG IN FIXED LINES

At 11 percent, Mexico has one of the lowest fixed line penetration rates in the Americas. Uruguay boasts the highest in Latin America at 28 percent, compared with 66 percent in the United States and 64 percent in Canada. Growth in this sector has been slow, despite declining local and long distance rates (in real terms). Most analysts expect fixed line penetration to reach 18 percent by 2003. Service providers are likely to utilize fixed wireless technologies as quick and cost-effective means to build out their networks and meet pent up consumer demand.

To date, competition in local services has been less intense than in long distance, with Telmex retaining a virtual monopoly in local telephony. However, long distance competitors Alestra and Avantel recently announced their plans to begin providing local service this year.



## U.S. TELECOM EXPORTS

The United States continues to be the largest single supplier of telecommunications equipment to Mexico; the U.S. share of Mexican telecom imports was 67 percent in 1999, down from 73 percent in 1998. U.S. telecom equipment exports to Mexico totaled \$2.5 billion for the first eleven months of 2000, up 43 percent over the same period in 1999.

However, Mexico's signing of a free trade agreement with the European Union in 2000 means increased competition from European suppliers. European competitors now receive similar tariff considerations and benefits as U.S. producers have enjoyed since the implementation of the North American Free Trade Agreement (NAFTA) in 1994.

The NAFTA eliminated tariffs on 80 percent of U.S. telecommunications equipment exports to Mexico and opened up the value-added services market to North American investment. Prior to the NAFTA, Mexico levied tariffs of 15-20 percent on telecommunications equipment imported from the United States. Remaining tariffs, currently ranging up to 14 percent, are being phased out over 10 years, until 2004.

U.S. companies interested in exporting telecom equipment to Mexico must bear in mind the certification and homologation requirements in Mexico. Homologation is, "the official recognition that the specifications of a product comply with the national technical requirements and can be attached to the network." As agreed in the NAFTA, a pre-approved lab may certify a telecommunications product for sale in any of the three NAFTA countries. Once lingering implementation challenges are overcome, this ability to test telecom equipment destined for export to Mexico in U.S. labs should mean reduced costs for U.S. suppliers.

Second only to Canada, Mexico is a primary trading partner for telecom

services as well. In 1999, 11 percent of U.S. incoming traffic originated in Mexico, while 14 percent of U.S.-originated international minutes were to Mexico.

## OPPORTUNITIES ABOUND, PROCEED WITH CAUTION

U.S. products have several advantages over those from other countries. Geographical proximity allows for shorter time to market and lower transportation costs. Not to be underestimated, the perception that U.S. manufacturers have a technological edge vis-à-vis competitors provides U.S. sellers with significant marketing leverage.

Low penetration rates mean increased potential business opportunities. Carriers in Mexico will need to install approximately 10 million additional lines if the country is to reach international teledensity levels. The projected growth in local telephony will require the use of fixed wireless technologies to boost penetration quickly. More than one million fixed wireless lines are expected to be installed by new operators during the next couple of years.

Data communications and value-added network services are two of the fastest growing sectors of the Mexican market. The corporate database services segment alone is expected to grow at an annual rate of 35 to 40 percent over the next few years.

The cable TV market in Mexico has grown at an average annual rate of 12 percent over the last four years. As cable TV is utilized increasingly to improve teledensity and Internet penetration, this sector could become one of the hottest opportunities for U.S. manufacturers.

Finally, implementation of the Fox Administration's "E-Mexico Project," to provide Mexico with total telecommunications self-sufficiency through establishing nationwide access to

services, will require the continued build out of networks as well as the expertise of international consultants.

While opportunities abound, the Mexican telecommunications market is not for the faint of heart. U.S. companies must overcome certain challenges in entering the market. Some of the biggest issues include the prevailing dominance of Telmex, the lack of competitive conditions in last mile access and the government's need to address weaknesses in the Federal Telecommunications Law. Yet, the Fox Administration's expected introduction of an amendment to the Telecommunications Law, as early as March 2001, signals an auspicious future on the regulatory front ■

*Jorge Chico, Commercial Specialist in Mexico City, contributed to this report.*

### For more information on the telecommunications market in Mexico, contact:

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Fax: (525) 535-1139  
E-mail: Jorge.Chico@mail.doc.gov  
Website: www.usatrade.gov

### Upcoming trade events include:

Expo BusinessSolutions  
April 25-27, 2000  
World Trade Center - Mexico City

"Capitalizing on the Revenue Potential of the Mexican Broadband Market,"  
presented by the Institute for International Research.  
May 21-23, 2000  
Four Seasons Hotel - Mexico City

# UPCOMING TRADE EVENTS

**APRIL -NOVEMBER 2001**

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
April 3-5, 2001	RepCom Monterrey This event involves a three-day exhibition and one-on-one appointments scheduled for participating U.S. companies that are seeking Mexican representatives or distributors. RepCom 2000 attracted some 3,000 Mexican buyers, representatives and distributors from all of northern Mexico and 61 U.S. participants met with over 366 Mexican business representatives.	Monterrey, Mexico
April 3-11, 2001	U.S. Information Technology Trade Mission to China The Software & Information Industry Association (SIIA), in partnership with the U.S. Department of Commerce Office of Information Technologies (OIT), will co-lead an IT industry trade mission. This mission will include representatives of U.S. firms specializing in Internet technologies, e-commerce and wireless technologies that are interested in entering or expanding their presence in the People's Republic of China, including Hong Kong.	Beijing, Shanghai, Hong Kong, Guangzhou, China
April 18-19, 2001	Automotive Parts and Accessories Dealmaker This event, coinciding with the Canadian Automotive Parts Manufacturers Association (APMA) Annual Conference and Exhibition, is an ideal forum for U.S. companies to evaluate current business practices, exchange ideas and obtain valuable market information on current trends, new technologies and the latest in automotive parts and services.	Hamilton, Ontario, Canada
April 24-26, 2001	Techtextil The U.S. Pavilion at Techtextil is organized by the Office of Textiles and Apparel (OTEXA). This event will provide companies with an opportunity to showcase products in an organized and well-promoted setting. The participation fee includes an aggressive promotional campaign to invite top buyers in the industry to visit the U.S. Pavilion and provide export assistance through a range of support services by our foreign commercial service staff in Frankfurt.	Frankfurt, Germany
April 24-26, 2001	Agro-Food Tech 2001 Agro Food Tech 2001 has been designated as the largest and most relevant showcase in China covering the whole chain of agri-business. This event is being co-organized by Exposium and the Chinese Ministry of Agriculture.	Beijing, China
May 10-11, 2001	Green Building Materials Trade Mission This is a post-initiated event, which will promote green building materials and technology. Likely attendees are U.S. companies involved in the manufacturing or exporting of green building materials and services and who are looking to penetrate the Hong Kong and China markets.	Hong Kong, China
May 14-19, 2001	Envitec Envitec is one of the largest environmental technology exhibitions in Germany. The show deals in environmental engineering, waste management, waste utilization, recycling, energy recovery, environment protection, noise reduction, soil purification, air purification, sewage water technology, laboratory technology and measuring systems. Envitec takes place every three years. In 1998, Envitec attracted over 1,158 exhibitors from 40 countries and 32,000 visitors from 91 nations.	Dusseldorf, Germany
May 15-17, 2001	IT 2001 Brisbane IT 2001 Brisbane is the largest annual trade event in Australia focusing on the retail computer market.	Brisbane, Australia
May 20-24, 2001	Women in Trade Business Development Mission The WIT mission will coordinate with the Sixth Global Women's Forum in Athens. Italy and Greece are two strong U.S. export markets and good locations for business throughout southern Europe and the Mediterranean.	Milan, Italy; Athens, Greece
June 1-6, 2001	U.S. Pavilion at Seoul International Book Fair (SIBF 2001) Since the official recognition as an international book fair by the International Publishers Association in 1994, Seoul International Book Fair has offered the publishing industry an opportunity to expand their business and exchange information on book markets in the world. The Seoul International Book Fair 2000 attracted as many as 250,000 visitors, where about 300,000 book titles were displayed.	Seoul, South Korea

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Building Products, Architectural, Construction and Engineering	Lisa Huot Tel: (202) 482-2796 Email: Lisa_Hout@ita.doc.gov
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Computers/Peripherals	Duncan Archibald Tel: (61 2) 9373-9212 Email: Duncan.Archibald@mail.doc.gov
Cross Industry	Loretta Allison Tel: (202) 482-5479 Email: Loretta_Allison@ita.doc.gov
Books and Periodicals	Mitchel Auerbach Tel: (82 2) 397-4655 Email: Mitchel.Auerbach@mail.doc.gov

**HIGHLIGHTED EVENTS****2001 PARIS BOOK SHOW****PARIS, FRANCE  
MARCH 16 - 21, 2001**

Submit your books for the U.S. Department of Commerce Title Display Booth at the 2001 Paris Book Show, March 16-21, 2001. Europe purchases one quarter of all U.S. books sold overseas- over \$450 million in 1999, and there is great potential for significant growth. The 2000 Paris Book Show brought together 30,000 trade visitors and 1,500 exhibitors from throughout Europe and the world, making the Show one of the most important events in the book industry. For only \$100 per title, the U.S. Department of Commerce will display your books, collect leads and provide your books low cost market visibility in one of the biggest markets in the world. Shortly after the conclusion of the show, the Office of Consumer Goods will provide you with the names and contact information of visitors who indicated an interest in your company so that you may follow-up directly with additional information.

Contact: Nate Herman  
Office of Consumer Goods  
Tel: (202) 482-4034  
Fax: (202) 482-3981  
E-mail: Nate\_Herman@ita.doc.gov  
Web: www.export.gov/ocg.

**BUSINESS OPPORTUNITIES FOR U.S. AND MEXICAN SMALL/MEDIUM SIZED COMPANIES****MEXICO CITY, MEXICO  
MARCH 27-28 2001**

The U.S. Department of Commerce and the U.S. Small Business Administration in collaboration with the Mexican government will present this two-day event featuring presentations and programs for U.S. small and medium businesses interested in the Mexican market. Sessions will be provided to the U.S. and Mexican participants and will cover such topics as financing your exports, Mexican customs issues, NAFTA questions, Mexican standards, doing business in the Mexican cultural context and other relevant business programs. Presentations from the U.S. Small Business Administration, the U.S. Export-Import Bank and the U.S. Overseas Private Investment Corporation will also be offered. In addition, Microsoft Mexico will speak about e-commerce in Mexico and IBM will talk about its new BuyUSA.com program.

The program also includes an entire day of one-on-one meetings with pre-qualified prospects, which will allow your company to initiate commercial relationships with potential Mexican partners. The total cost of the program is only \$600.

Contact: Francisco Ceron  
Commercial Section of the U.S. Embassy in Mexico  
Tel: (525) 0140-2640  
Email: Francisco.Ceron@mail.doc.gov

Or for any further information, contact your nearest U.S. Export Assistance Center or SBA office.

<b>DATES</b>	<b>EVENT</b>	<b>LOCATION</b>
June 7-9, 2001	Expo USA 2001 Expo USA 2001 is a unique trade exhibition held in the Dominican Republic featuring exclusively U.S. products and services and is an excellent opportunity for new to market companies to contact potential agents, distributors or representatives. The event is expected to attract over 20,000 local and regional visitors.	Santo Domingo, Dominican Republic
July 14-18, 2001	Rio 2001 Rio 2001 will be an international conclave of dental manufacturers, buyers, sellers and dental professionals. As Brazil's premier dental show, Rio 2001 is an ideal venue for you to target the South American market. With over 35,000 visitors expected, the Department of Commerce booth will be an integral part of the show, drawing attention to the U.S. companies and promoting their reputation for high-quality dental products.	Rio de Janeiro, Brazil
June 16-24, 2001	Paris Air Show 2001 The Paris Air Show is the world's largest international trade show for aviation products and services.	Le Bourget, France
July 19-21, 2001	Autotex This is a U.S. catalog show and is recruited and managed by the U.S. Commercial Service in Auckland.	Auckland, New Zealand
July 30- Aug. 4, 2001	Fenasoft 2001 Fenasoft is the largest computer and IT trade show in Latin America. The primary focus for the international exhibitors is creating an environment in which vendors meet their appropriate distributors.	Sao Paulo, Brazil
Aug. 28-30, 2001	Hospital & Healthcare 2001 This event is a trade exhibition for the hospital and healthcare industries.	Melbourne, Australia
Sep. 1 - 30, 2001	Cosmoprof Cosmetica 2001 Cosmoprof Cosmetica 2001 is the largest trade show in Latin America for cosmetics, toiletries and personal care products and second largest in the world. Last year's event attracted 78,000 visitors and had 500 exhibitors. This is the seventh year that the U.S. has had a pavilion at the show.	Sao Paulo, Brazil
Sep. 4 - 7, 2001	Interact & IT 2001 Interact & IT 2001 is an IT trade event focusing on multimedia applications and targeting attendees from the Asia Pacific region.	Melbourne, Australia
Sep. 9-11, 2001	Biotechnica 2001 This three day event will be the largest show in Biotechnica's 12 year history. It is the only trade fair in Germany devoted exclusively to biotechnology. Biotechnica 2001 has evolved from a research-oriented show to a large-scale exhibition that showcases basic scientific processes, applied technologies and biotech products. Accompanied by an innovation congress, the show represents an excellent opportunity for U.S. companies to penetrate the European markets.	Hannover, Germany
Oct. 7-9, 2001	Golf Europe 2001 The U.S. Department of Commerce in conjunction with the American Consulate in Munich will sponsor a U.S. product sample/literature center at Golf Europe. Major product categories are of all kinds of golf equipment, apparel, accessories and other golf-related products. U.S. golf equipment companies interested in gaining valuable exposure in Europe will not want to miss this opportunity.	Munich, Germany
Oct. 18-20, 2001	IKK- Refrigerating and Air Conditioning This three day event has developed over the past 20 years into a world class forum for the entire refrigeration and air conditioning industry. With over 19,000 registered visitors and 690 exhibitors, IKK represents an excellent opportunity for U.S. companies to penetrate the German and European markets.	Munich, Germany
Nov. 6 - 9, 2001	Building Shanghai 2001 Building Shanghai 2001 is one of the largest annual trade events for the construction industry in China. The National Association of Home Builders (NAHB) will be hosting a conference that is co-located with the trade event providing unparalleled benefits to international participants. Professional meetings, visits to building sites and tours to historic places are planned as an extension of this conference.	Shanghai, China

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Computers/ Peripherals	Lynn Wong Tel: (55 11) 853-2811 Email: Lynn.Wong@mail.doc.gov
Hospital and Healthcare	Marie Hill Tel: (61 3) 9526-5927 Email: Marie.Hill@mail.doc.gov
Cosmetics and Toiletries	Edward Kimmel Tel: (202) 482-3640 Email: Edward_Kimmel@ita.doc.gov
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Biotechnology and Pollution Control Equipment	Helen Simpson-Davis Tel: (202) 482-1882 Email: Helen.Simpson-Davis@mail.doc.gov
Sporting Equipment	Ludene Capone Tel: (202) 482-2087 Email: Ludene_Capone@ita.doc.gov
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Architectural, Construction and Engineering Services and Construction Equipment	Patrick Smeller Tel: (202) 482-0133 Email: Patrick_Smeller@ita.doc.gov

**ENVIRONMENTAL TECHNOLOGIES MATCHMAKER TRADE DELEGATION**

**CAIRO, EGYPT; TEL AVIV, ISRAEL; AND AMMAN, JORDAN  
APRIL 29 - MAY 3, 2001**

The U.S. Department of Commerce's Export Promotion Services' Matchmaker Program, in cooperation with the Office of Environmental Technologies Industries, is organizing an Environmental Technologies Matchmaker Trade Delegation to Egypt, Israel and Jordan. The Matchmaker will focus on matching U.S. participants with qualified agents, distributors, representatives, licensees and joint venture partners in these markets.

Egypt represents a significant and growing market for exports of U.S. environmental technologies. The government of Egypt has recently taken important steps to strengthen its legal and institutional framework for environmental management.

In Israel, a new awareness for the environment among policy-makers and the public is opening commercial opportunities. Best prospects for U.S. firms lie in water treatment, wastewater and recycling, hazardous waste treatment and air pollution controls and technologies.

The scarcity of water in Jordan threatens public health, economic development and political stability. To address these factors, Jordan's Ministry of Water recently unveiled a package of projects that will total an estimated \$5 billion through 2010.

Contact: Yvonne Jackson  
Tel: (202) 482-2675  
Fax: (202) 482-0178  
Email: Yvonne.Jackson@mail.doc.gov

**U.S. PAVILION AT COMMASIA 2001  
MANILA, PHILIPPINES  
MAY 24-26, 2001**

CommAsia 2001, an international trade exhibition and conference on telecommunications, broadcast, electronics, information technology and e-commerce, will be held on May 24-26, 2001 at the World Trade Center in Manila.

By participating in CommAsia, U.S. firms can attain maximum exposure at the most cost effective means, launch new products, introduce their latest technologies, enhance their company and product image, meet new business contacts, sell directly to buyers on-site, sign distributorship or licensing agreements and explore potential partnerships.

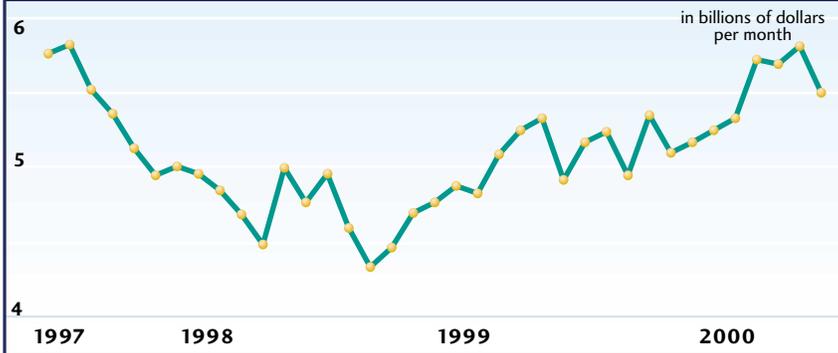
The U.S. Commercial Service Post in Manilla is encouraging U.S. firms to participate, particularly those engaged in telecommunications, electronics, information technology and e-commerce. U.S. firms can participate either through a full booth or space rental at the U.S. Pavilion or through the catalog show at CS Manila's Business Information Office (BIO).

Contact: Aida L. Miranda  
U.S. Commercial Service, Manilla  
Tel: (632) 888-4088 to 98  
Fax: (632) 888-6606  
E-mail: Aida.Miranda@mail.doc.gov

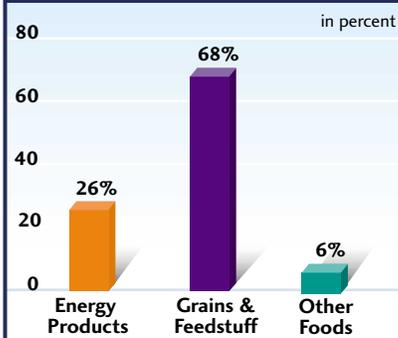
## FOOD AND ENERGY

Exports have recovered nicely if unspectacularly, increasing by 12 percent over a year's time. Higher prices for refined petroleum products account for a substantial portion of the gain.

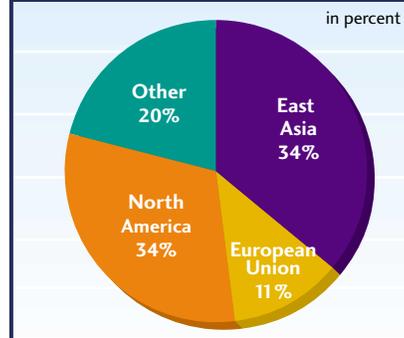
### FOOD AND ENERGY



### BY INDUSTRY



### BY REGION



## MATERIALS

Foreign sales, which were on a plateau throughout the first half of 1999, have since climbed 27 percent over a year and a half. All of the major categories contributed to this performance

Monthly data are seasonally adjusted.

Product categories (except for services) are based on end-use classification.

North America: Canada and Mexico.

European Union: Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

East Asia: China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

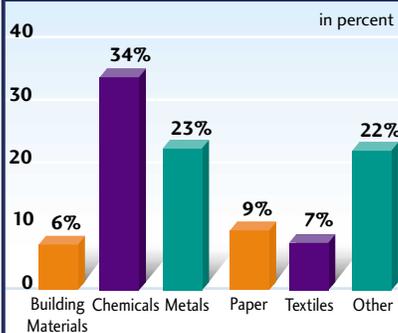
The chart showing exports of services by region is based on data for calendar year 1999. Other charts showing product mix and geographic destination are based on data for the 12 months ending with November 2000.

Source: Bureau of the Census (goods), Bureau of Economic Analysis (services).

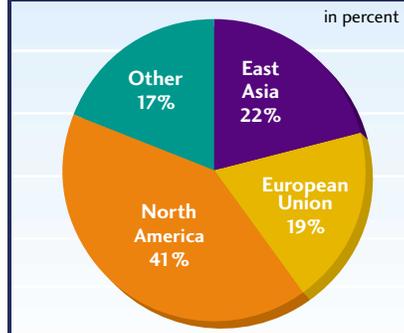
### MATERIALS



### BY INDUSTRY



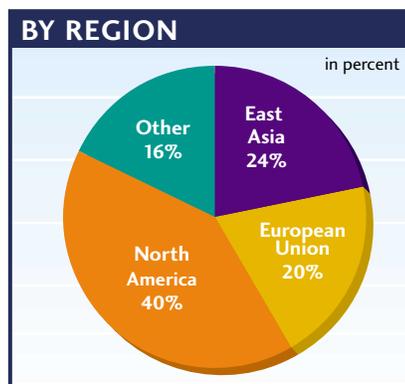
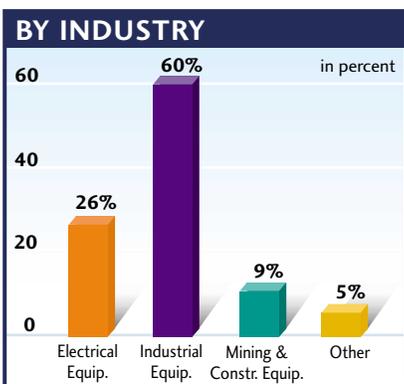
### BY REGION





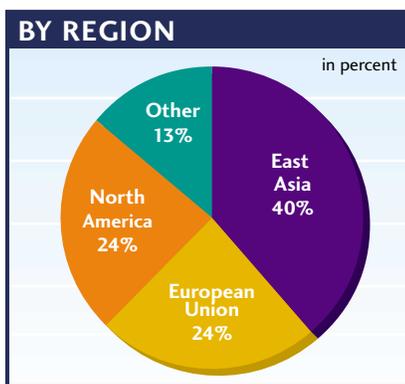
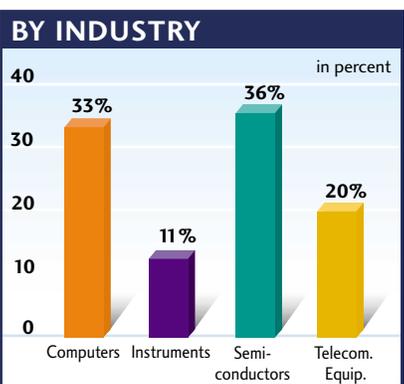
### MACHINERY

Exports have leveled off in recent months, following the steady recovery which began a year and a half ago. The gains over the 18-month period have been shared among all of the major types of machinery.



### ELECTRONICS & INSTRUMENTS

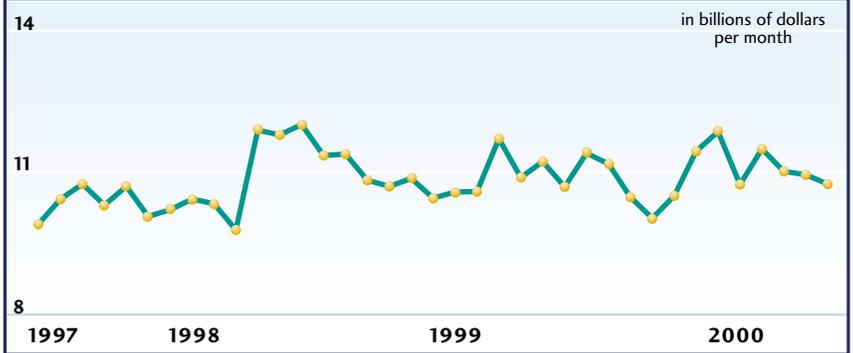
This sector began its recovery in foreign markets earlier, and even with a recent drop-off, exports have grown by nearly 40 percent over the past two years. Shipments abroad of computers, semiconductors, telecommunications equipment and instruments have all risen significantly over this period.



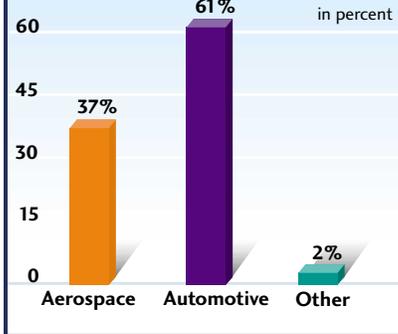
**TRANSPORTATION EQUIPMENT (CIVILIAN)**

Exports have been varying with little clear trend, and are down by 11 percent over two years. Most of the variation has been in foreign sales of civilian aircraft.

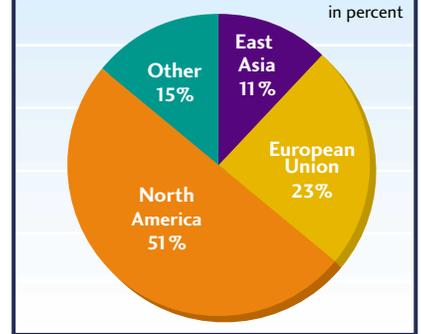
**TRANSPORTATION EQUIPMENT**



**BY INDUSTRY**



**BY REGION**



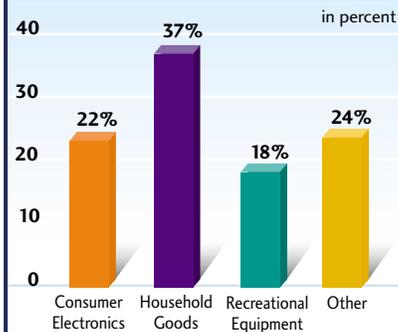
**CONSUMER DURABLES**

Sales abroad were higher in 2000 than in the two preceding years, and have grown 14 percent over the last 18 months. All of the major categories, with the exception of recreational equipment, have seen export gains during this time.

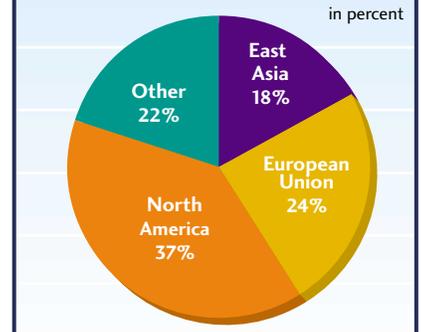
**CONSUMER DURABLES**



**BY INDUSTRY**



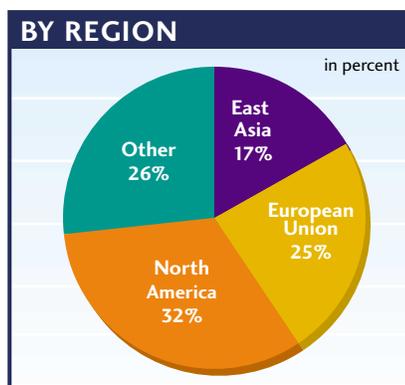
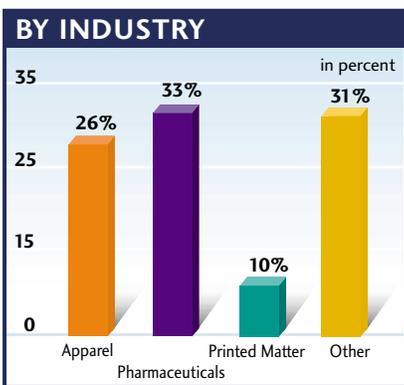
**BY REGION**





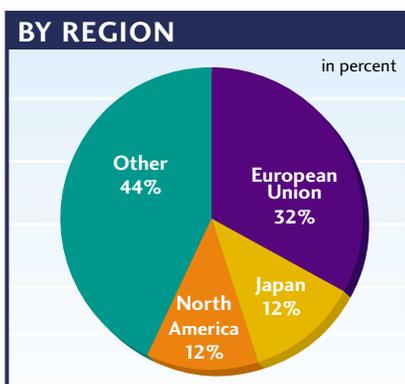
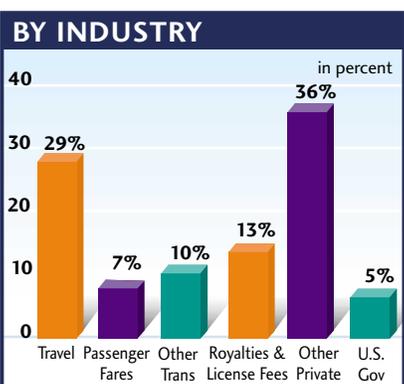
### CONSUMER NONDURABLES

Exports increased in the early months of 2000, but have fluctuated since mid-year. The total is up by 6 percent over the past 6 months, with higher pharmaceutical sales accounting for the bulk of the increase.



### SERVICES

Foreign sales have leveled off since early last year. Travel revenues in particular have declined during this period.



Additional information is available from the International Trade Administration ([www.ita.doc.gov/tradestats/](http://www.ita.doc.gov/tradestats/)); the Bureau of the Census ([www.census.gov/foreign-trade/](http://www.census.gov/foreign-trade/)); and the Bureau of Economic Analysis ([www.bea.doc.gov/bea/](http://www.bea.doc.gov/bea/)). Prepared by the Office of Trade and Economic Analysis, Trade Development. For more information call (202) 482-2056.

# DESTINATION GLOBAL MARKETS

## U.S. MASS TRANSIT INDUSTRY MAKES THE CONNECTION

by Mark C. O'Grady,

*Liaison Officer to the International Mass Transportation Program, U.S. & Foreign Commercial Service*

Global markets for the U.S. mass transportation industry continue to grow rapidly with the rise of modern mega-cities worldwide. City planners around the world are aggressively working to develop efficient urban transit to meet the needs of their citizens. Currently, some 2.5 billion people live in cities, and it is predicted that in 30 years, the number of city dwellers will double to 5 billion, with 70 percent living in cities located in developing countries. In just 14 years, as more children are born and the rural populous flock to urban centers in search of better standards of living, developing nations will harbor 22 of the globe's 26 largest metropolitan areas.

### U.S. EXPORTS OF MASS TRANSIT EQUIPMENT

Ensuring that U.S. exporters of mass transportation equipment and services have easy access to decision makers in these countries is the primary goal of the newly created International Mass Transportation Program (IMTP). The IMTP, sponsored by the Federal Transit Administration (FTA) of the U.S. Department of Transportation, is an innovative interagency cooperative effort created to address this rapidly growing export sector for American companies. IMTP was created in September of 1999 as part of the Transportation Equity Act for the 21st Century. The IMPT combines the technical and industry expertise of FTA with the significant trade

promotion and export facilitation capabilities of the International Trade Administration to identify and promote U.S. participation in mass transportation export opportunities worldwide. The IMTP has two complimentary goals: (1) informing the United States domestic mass transportation community about technological innovations available in the international marketplace; and (2) developing and enhancing activities that may afford domestic businesses the opportunity to become globally competitive in the export of mass transportation products and services.

The IMTP partners recognize that the well being of the U.S. domestic transportation industry is inextricably tied to the international mass transportation projects worldwide. In the new global marketplace the U.S. transportation industry simply cannot survive unless it remains internationally competitive. Through its unique partnerships with industry and government, the IMTP has developed a number of opportunities both domestically and internationally to provide U.S. firms the access and assistance needed to expand into new markets.

The IMTP and its partners are working to highlight export opportunities for U.S. firms through a variety of promotional events. Some of these events include business development and trade missions, reverse buyer missions and participation in domestic and international trade shows. In March the IMTP will provide technical and logistical support to delegations of transit professionals from China and

Korea. The two groups will be visiting various U.S. cities and meeting with prospective business partners. The U.S. Trade and Development Agency and the Private Infrastructure Investment Center of Korea are jointly sponsoring 45 Korean transportation professionals to participate in a three-city business briefing on rail and port development projects in Korea. Concurrently, a self-funded tour of transportation professionals from Shanghai, China will visit Los Angeles and Washington, D.C. to learn about effective means of coordinating city bus and rail services. Shanghai just began tests of China's first elevated light rail. The new system has connections with subways, trains and buses at 17 stations. Over the next several months, the IMTP will also be sponsoring overseas events in Thailand, Vietnam, China and the United Kingdom.

### ASIAN TRANSPORTATION OPPORTUNITIES HIGHLIGHTED

IMTP will be launching its second annual Asian Mass Transportation Trade Mission June 25 through July 6 of this year. This event will reinforce the long-standing history of U.S. investment in Asian transportation markets. The event will build on relationships established in IMTP's 2000 Asian Mission and the U.S. Trade and Development Agency's 1998 Asian Regional Surface Transportation conferences.

The start of the second annual mission will coincide with a Design-Build

Workshop organized by the Transportation Research Board of the National Academy of Sciences being held in Bangkok, Thailand. This regional event will attract participants from across Asia for mission participants to meet and discuss opportunities in infrastructure development in these countries. Thailand continues to aggressively address its chronic traffic situation through several innovative infrastructure projects. With the first leg of its Skytrain in operation and its mammoth subway system over 50 percent complete, Bangkok is still wrestling with a number of technical and operational decisions that represent clear opportunities for U.S. firms, specifically in the operations and maintenance sectors.

expected to cost nearly \$6 billion. The mission will conclude with a visit to the city of Guangzhou. In December 2000, the Planning Commission of Guangzhou City announced its plan to develop its third subway line costing approximately \$1.92 billion. China represents a particularly promising market, as it plans to spend \$26 billion on urban mass transit systems over the next five years, resulting in 400km of subways and light rail systems by 2005.

#### LONDON: A EUROPEAN HUB FOR TRANSPORTATION OPPORTUNITIES

The IMTP also places strong emphasis on industry events to bring U.S. exporters together with foreign buyers.

than an average booth on the show floor. One of the biggest promotional activities at the London Pavilion will be the formal announcement of the International Buyer Program planned for the International Public Transportation Expo (ITPE) in Las Vegas, Nevada, September 22-26, 2002. Held only once every three years, this is the largest conglomeration of transit buyers and sellers in the world. Commercial Offices around the world will be actively recruiting delegations to meet with U.S. companies attending or exhibiting at the show.

By forging a strategic alliance with industry and government, the IMTP is creating new and innovative opportunities for U.S. mass transit equipment

## “HUMANKIND HAS ENTERED ‘AN URBAN MILLENNIUM’ THAT WILL REQUIRE MORE EFFORT TO MAKE CITIES LIVABLE...”

—U.N. SECRETARY-GENERAL KOFI ANNAN

The mission will then visit Ho Chi Minh City, Vietnam. Officials from Ho Chi Minh City and Hanoi, Vietnam's Capital, will be participating in briefings meetings to ensure that participants get unparalleled access to the organizations and companies participating in infrastructure projects. A significant part of Vietnam's budget will be spent on public transport projects in the next 10 years to meet the demand for passenger travel. The railway development plan focuses on building an urban railway network, with subway as well as elevated trains, building railway stations and upgrading the existing Hoa Hung rail station in Ho Chi Minh City.

Mission participants will also travel to Taipei, Taiwan's capital. After a full day of meeting with Taiwan officials on projects in Taipei and other cities, mission members will travel by bus along the proposed route of the Taipei-Kaohsiung bullet train to visit Kaohsiung. In January, construction was begun on Kaohsiung's long-delayed mass transit railway system, which is

IMTP will be launching its first “American Pavilion” at the International Union of Public Transport (UITP) 54th International Congress and International Exhibition of Public Transport — City Transport 2001 in London, England, May 20-25, 2001. London makes an excellent hub to attract buyers from across Europe since it has always been in the forefront of transport developments, and it has a strong transport history, being the first city to have a subway when the famous London Underground opened in 1863. London itself offers promising opportunities for U.S. exporters of mass transit goods and services as the City's new government begins implementation of expansive public/private partnerships to bring the London Underground up to the best modern standards. A host of business meetings and official receptions will ensure that Pavilion exhibitors meet with decision-makers from London and across Europe.

The U.S. exhibitors at the Pavilion will benefit from all these additional Pavilion services at a cost of \$700 less

and service providers to gain market share of the rapidly expanding global market for these goods and services. ■

#### Contact

For more information regarding the opportunities offered by the IMTP, contact  
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Liaison Officer, International Mass  
Transportation Program  
Federal Transit Administration,  
USDOT  
Office of Research,  
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400 Seventh St., SW; Room 9401  
Washington, DC 20590  
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Email: Mark.Ogrady@fta.dot.gov

Please visit the IMTP website at [www.usatrade.gov/imtp](http://www.usatrade.gov/imtp) for more information on these and a host of other export opportunities.

# FUN IN THE SUN

## TOURISM AND U.S. WOOD PRODUCTS IN THE CARIBBEAN

by Andy Salamone,

*Forest and Fisheries Products Division, Foreign Agricultural Service*

It's no secret that the Caribbean has been an important regional market for U.S. wood exporters. Quite the contrary; in the wood products industry, it is common knowledge that sales of softwood lumber and panel products to Caribbean nations have continued to increase over the past several years.

Wood, because of its relatively low maintenance, high durability and versatility, is often a choice construction material in these tropical climes. But since these countries possess little if any domestic sources of wood products, demand must mostly be met with imported stock.

Despite the great diversity among these nations, there is one constant that drives increased sales of wood in

commerce. A stable Dominican government, coupled with sound fiscal and monetary policy, has resulted in strong economic growth and high levels of foreign investment.

Tourism has been instrumental in the strong economic growth of the past few years. Tourists, mostly Europeans, flock to the palatial hotels and resorts that now line the sun-drenched coast in such places as La Romana and

### THE CARIBBEAN IS INCREASING IN IMPORTANCE AS A MARKET FOR U.S. WOOD PRODUCTS. AS TOURISM CONTINUES TO GROW AND THE ECONOMIES OF THESE ISLAND NATIONS STRENGTHEN, SALES VOLUMES ARE LIKELY TO INCREASE FURTHER.

Still, the soaring success in this region has not commanded as much attention as high-flying markets such as those of Mexico, Japan and China.

One reason that the Caribbean market is sometimes taken for granted has to do with the vastness of its reaches and the far-flung diversity of countries there. When examined one by one, most of these countries are relatively insignificant markets due to their small size.

However, when the numbers are aggregated, the region racks up truly respectable sales figures today and possesses potential for even greater expansion tomorrow. For example, total U.S. wood exports to the Caribbean Basin average about \$300 million each year, with softwood lumber and softwood plywood taking the lead.

all cases — the continued boom in the tourism sector.

Everywhere from the Dominican Republic to Jamaica to even smaller island nations, large multinational hotel and resort chains are investing substantial revenue in the national economies.

To handle the increasing number of tourists, many Caribbean countries are investing in the upgrading and expansion of airports, roads and port facilities.

#### BUILDING SUCCESS IN THE DOMINICAN REPUBLIC

The Dominican Republic is perhaps the best example of the increased emphasis on developing infrastructure for both tourism and other types of

Vavaro. Road construction and port rehabilitation are noticeable in the more urban areas of Santo Domingo and Porta Plata.

The wood industry has definitely benefited from these development activities. In 1999, U.S. softwood lumber sales to the Dominican Republic totaled \$45.4 million and sales of softwood plywood totaled \$10.1 million.

To a small extent, these gains can be attributed to reconstruction activities in the wake of Hurricane George; however, the brunt of the storm missed the major tourist areas located in the north and northeast of the country. This indicates that a majority of the building activity was for new projects.

## JAMAICA: GOOD PROFIT THIS YEAR?

Jamaica, a well-known vacation destination for many Americans, has also placed a great deal of emphasis on the tourism sector over the past few years, and growth in this sector is expected to continue. While the Jamaican economy has experienced much slower growth than that seen in the Dominican Republic, investment in hotels and other facilities geared to tourism has continued at a good pace.

U.S. sales of softwood lumber to Jamaica totaled more than \$10 million and softwood plywood totaled \$2.8 million. In addition, the Jamaican government has put forth an ambitious plan to modernize the national highway system and expand and upgrade port facilities, all of which provide new opportunities for U.S. wood exporters.

## EVERYONE WANTS A HOUSE IN THE BAHAMAS (BAHAMIANS MORE THAN ANYONE)

Another tropical paradise frequented by both American and European tourists is the Bahamas. Recent efforts by the Bahamian Government have focused on three areas that affect wood-products sales: improving the housing situation for Bahamian citizens, development of port facilities and continued expansion of the nation's tourism sector.

These areas of development have not only served to aid in the expansion of the Bahamian economy, but they have also been responsible for large increases in the amount of U.S. wood products sold in this market.

In 1999, total U.S. wood exports to the Bahamas reached \$56 million, led by sales of softwood lumber, softwood plywood and other wood-building products like glulam and doors.

The Caribbean is an extremely diverse region in everything from language and

culture to population. However, the one factor that sustains the economic growth in all of these countries is tourism. Since many have yet to build and equip facilities that can handle the ever-increasing numbers of tourists, multinational corporations, governments and individuals are investing huge sums of capital in construction that will meet these needs. All of this spells an excellent opportunity that U.S. wood exporters can build upon.

For more information on exporting wood products to the Caribbean or other markets, contact Andy Salamone of the Forest and Fisheries Products Division of the Foreign Agricultural Service (FAS), U.S. Department of Agriculture at Tel: (202) 720-2849, Fax: (202) 720-8461 or Email: Salamone@fas.usda.gov ■



## TO BELIZE — AND BEYOND

It appears that the Caribbean market trend is moving into new territory farther south into some Central American countries. The most notable is Belize. While a relatively small market, Belize possesses several attributes that make it a favorable location for development. On one hand, it is both politically and economically stable. Perhaps more important to the tourism industry, Belize possesses a wide variety of attractions such as rain forests, Mayan ruins and world-class scuba diving. As a result, more and more tourists are heading for Belize and more and more resorts are being built to handle them.

The increased emphasis on tourism in Belize has not gone unnoticed by the U.S. wood industry. Trade statistics clearly show this. For example, in the first seven months of 1999, U.S. softwood lumber sales to Belize totaled \$7,000. For that same period in 2000, sales stand at \$2.8 million.

A similar trend is seen when examining sales of softwood plywood. Sales in the first seven months of 1999 totaled \$861,000 and for the same period in 2000 they total \$5.7 million. It is uncertain whether this high volume of sales will continue, but all indications seem to point that way.

In addition, tourism is becoming more important in the economies of other Central American countries, such as Guatemala, Panama and Costa Rica.

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